

en's 'Mess'

# Herald

INTERNATIONAL

# Tribune

Humanity in Cyberspace, Page 10

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## So Far, U.S. Economy Resists Global Shock

Can It Continue Strong Rate of Growth And Stave Off Cataclysms Elsewhere?

By Nicholas D. Kristof  
New York Times Service

Pigs to the left, pigs to the right, pigs all around him, Charles Burris stood in the cacophonous center of his barn in south-central Illinois, gesturing at the indignant squealers. He felt like squealing too.

"I don't know what we're going to do in the next three months," Mr. Burris said, oblivious to the stench of the 7,000 animals around him. "We're losing 10,000 to 15,000 a semi load."

Mr. Burris, a 65-year-old whose gray hair peeks through his farm cap, has seen some tough times in a life of hog farming, including a fire that ripped through his barns in 1978 and roasted 1,200 pigs alive.

But nothing, he said, has ever been nearly as devastating as today's prices. These days he is bleeding money so badly that he worries about losing his 600-acre (243-hectare) farm here among the cornfields near Central, Illinois, 130 miles (200 kilometers) southwest of Chicago.

"This is something we've never seen in the livestock business," Mr. Burris said dolefully. "We've never seen this heavy a loss in the pork industry, not even in the Depression."

The problems on the Burris farm, a sprawling collection of 14 hog buildings with temperature controls and automatic curtains on the windows, underscore how the economic crisis that began 19 months ago in Thailand is knocking on the gates of the American heartland. The only real chance of a rescue for Mr. Burris would come through an economic revival on the other side of the globe, in Asia, where his hogs usually end up between chopsticks.

So far, the United States as a whole has been remarkably impervious to the crisis, and much of American industry has benefited from the cheaper oil and imports resulting from the

downturn elsewhere. Still, it is not clear whether the United States can remain unaffected, and the crisis presents the country—and the rest of the world—with far-reaching political and economic challenges.

Up to now, Mr. Burris is the exception, and the American economy is still growing strongly. Yet apprehensions arise because the global economy is a three-engine jet, with one engine dead (Japan's) and another losing speed (Europe's). It all comes down to how much fuel is left

for the final American engine.

If the Cuban missile standoff was a quintessential Cold War crisis, then the current global economic upheaval may be a landmark crisis of the post-Cold War era.

The simplest challenge is for the United States to sustain its strong growth rates. But the broader task will be to prevent nationalistic cataclysms in the worst-off countries, like Russia and Indonesia, and to contain the political and security risks of explosive frustration if the crisis bites further into places like China and Latin America.

The U.S. economy has demonstrated tremendous flexibility and resilience, but uncertainties arise because the Dow Jones industrial average is nearly 50 percent higher than its level Dec. 6, 1996, when Alan Greenspan, the Federal Reserve Board chairman, warned about "irrational exuberance."

Moreover, the Brazilian crisis—marking the failure of a bailout agreed to in November—underscores that the storm has not necessarily passed.

"To some extent, Brazil's problems

See MARKETS, Page 16

### Plunging Market Values

ESTIMATED VALUE OF THE STOCK MARKETS IN BILLIONS OF DOLLARS

JUNE 1997	DEC. 1998
100	100

June 1997 Dec. 1998

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Carnival Cheers Up a Country / 'A Time to Forget Your Sadness'

## Financial Crisis? Not for Partying Brazilians

By Anthony Faiola  
Washington Post Service

**S**ALVADOR, Brazil — It's long past midnight in this steaming metropolis known as the "Black Rome," and the Trios Eletricos — bands atop mobile stages on the Carnival parade route — are blasting out thousands of watts of tropical sound.

The crowd, almost a million strong, gyrates wildly, packed flesh-to-flesh on the beachfront. And from his perch on a passing mobile stage, the Brazilian music superstar Carlinhos Brown is shouting out his prescription for this year's Carnival.

"Forget the crisis — there is no crisis today!" yelled the man in dreadlocks and a tan African skirt, talking about the timing that put Carnival, Brazil's world-renowned pre-Lenten bash, smack in the middle of the deepening economic turmoil in Latin America's largest nation.

Standing next to two topless women with white spirals painted on their breasts, Mr. Brown told the crowd: "Money is worthless, the crisis means nothing! It doesn't matter what we have or don't have, what matters is to be happy!"

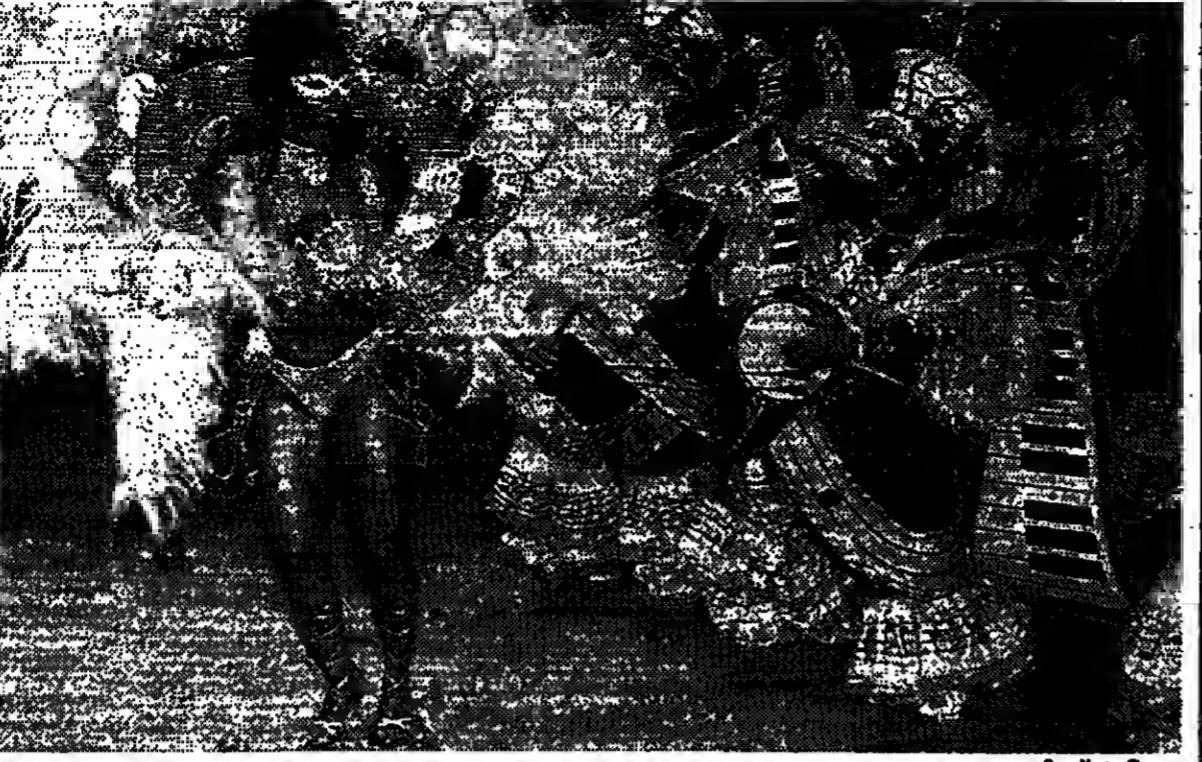
Carnival in Brazil, the massive celebration of drunken debauchery that many here use to temporarily escape the difficulties of life in poverty, has an even taller order this year.

Brazil's economic crisis erupted last month after the government was forced to devalue the country's currency, the real. Since then, the real has dived 36 percent against the dollar, bringing higher interest rates, recession, more unemployment and widespread fears that hyperinflation — Brazil's worst enemy, and one of its most familiar — is on its way back.

Mr. Brown's exhortations notwithstanding, the crisis stung this year's Carnival, greatly reducing the corporate sponsorships and donations that blocos, or Carnival music associations, use to stage their shows. Organizers were forced to cut back on costumes, decorations — even persons.

Here in colonial Salvador, the capital of Afro-Brazilian culture and traditionally one of the three centers of Carnival along with Rio de Janeiro and the historic town of Olinda, an appearance by the singer Grace Jones was canceled. Brazil's currency devaluation had made her \$35,000 price too steep for promoters.

But this is Brazil — a nation that has seen no less than six currencies come and go in the past 20 years as leaders have tried in vain to awaken the giant that world economists say is sleeping here. By now, the Brazilians have belt-tightening on automatic pilot.



The Brazilian sex symbol Suzana Alves leading a corps of drummers during Carnival in Rio de Janeiro.

Barring Armageddon, the party goes on. People just get mostly naked, slap on some glitter, grab a 50-cent shot of sugar-cane liquor and start to groove.

"Carnival in Brazil is an extraordinary event, far bigger and more important than the many crises that Brazilians have gone through," Caetano Veloso, one of Brazil's music legends, said as he looked out at the sea of ecstatic revelers. "It is the way that Brazilians reaffirm life each year, a way for us to reaffirm the happiness that is inside the Brazilian soul. Nothing, nothing can rob Brazil of that magic."

In this mystical heart of northeastern Brazil, home of the old Bahian cacao plantations, captured by the writer Jorge Amado, Carnival is considered less glamorous but far more authentic and raw than in Rio. Instead of well-organized balls and elaborate costumes, Carnival here, which ended Wednesday, more a series of street parties and lascivious free parades with the symbols of Candomble, a fusion of African gods and Catholicism created by early slaves, deeply intertwined in the celebration.

The mobile shows are staged by more than 100 Carnival associations, which compete for the top prize each year. Fund-raising by the associations almost always goes down to the wire, but this year, for many associations, the situation became desperate.

Just hours before the big bang of

Carnival began, the Brazilian music great Antonio Luis Alves Souza — better known by his nickname, Neguinho do Samba (Little Black Man of Samba) — rushed into a back lot by the airport carrying envelopes stuffed with cash to pay the artists hired to paint Candomble gods on his Carnival association's massive parade float.

Normally, his Trio Eletrico would have finished its preparations weeks before. But this year, the group's main patroness, a Sao Paulo writer, could not afford a generous donation. Dida, his all-female association of drummers, singers and dancers, fell more than 50 percent short of its \$200,000 budget, forcing him to personally vouch money from his own royalty checks to the Carnival essentials.

"We've had it tough — the crisis made raising money very, very difficult," said Mr. Alves Souza, formerly the band leader of Olodum, the Brazilian group that first fused samba with reggae, inspiring collaborations with American musicians such as David Byrne, Paul Simon and Michael Jackson.

The difficulties especially hit some of the less commercial associations, such as Ilhe Aiye, or Black Nation in the Yoruba language of West Africa, a group formed in the 1970s as a black empowerment movement in Carnival.

Brazil's recession and economic crisis not only dried up corporate

sponsors but limited the number of people willing to pay to dance with the association — and many chose instead to take the more economical option of dancing on the sidelines.

"We're probably going to go into debt after Carnival, but there's no sense thinking about that now," said Ilhe Aiye's president, who goes by the name of Vovo.

In the Liberdade neighborhood of Salvador, where the group stages its parade, the crisis seemed distant. Thousands of spectators, who pay nothing to watch the event, turned out to watch a Candomble "mother of the saints" toss popcorn into air. Bystanders, who said it brings good luck to get hit with the kernels, jumped and pushed to get in the line of fire. In a ceremony of renewal, white doves were set free as fireworks went off and the Ilhe Aiye band, dressed in elaborate yellow and white African robes, commenced with an intoxicating beat on white, black and red tribal drums.

"Carnival is a time to forget your sadness," said Plinio Mendes dos Santos, 32, one of the drummers, who is an unemployed cook now that the restaurant that he worked for has closed.

"I know how bad things are. It's not an escape, because escape from this doesn't exist: I know my problems are still there. But you stop for all that for a moment to have fun."

## Sharon Unfairly Targeted By Inquiry, Lawyer Says

The Associated Press

JERUSALEM — Ariel Sharon's lawyer alleged Wednesday that a police investigation involving the foreign minister was timed to hurt his chances in the upcoming elections.

The inquiry into alleged bribery in a libel case began last summer but was made public only after a gag order was lifted Tuesday.

Mr. Sharon is to be questioned by police investigators about suspicions that he provided a retired army general with business favors in exchange for favorable testimony in Mr. Sharon's libel suit against the newspaper Ha'aretz. Mr. Sharon is currently in the United States.

His attorney, Yaakov Weinroth, dismissed the allegations as baseless and said he would release documents Thursday to prove his case.

Mr. Weinroth said he believed the affair was intended to hurt Mr. Sharon in the May 17 elections. "I think the timing is connected," he said.

Mr. Sharon is a close political ally of Prime Minister Benjamin Netanyahu.

## ■ Trip to Russia at Issue

Earlier, Deborah Sonnac of The New York Times reported from Jerusalem:

The Israeli police are looking into allegations related to a libel trial in 1997 that concerned Mr. Sharon's conduct as defense minister during the 1982 invasion of Lebanon.

A retired general, Avigdor Ben-Gal, allegedly was bribed to persuade him to give false testimony at the trial.

Mr. Sharon flew to New York on Monday so that his wife, who is ill, could seek emergency medical care at Sloan-Kettering Hospital. The police will interrogate him when he returns to Israel. Mr. Weinroth said.

On Tuesday, the police interrogated Mr. Ben-Gal, now a businessman and chairman of the military aircraft industry, about a trip to Russia with Mr. Sharon shortly before he testified at the libel trial.

Mr. Sharon, then the infrastructure minister, took Mr. Ben-Gal along on a mission to explore a deal on importing natural gas.

"I think that on the face of it you can see the absurdity," Mr. Weinroth said. "It's impossible to even think that a general in the Israeli military can be bribed by just a ticket to Russia."

The investigation grows out of a complaint filed by the Ha'aretz newspaper after it won the libel suit — a victory that Mr. Sharon has appealed to the Supreme Court.

Mr. Sharon had sued the paper for alleging that as defense minister, he had misled the government of Menachem Begin about his plans for the invasion of Lebanon in 1982. The article, an opinion column, detailed a pattern of what it called Mr. Sharon's "lies."

The columnist, Uzi Benziman, referred to what he believed to be Mr. Sharon's willful deception of Mr. Begin.

"Menachem Begin knows very well that Sharon deceived him," Mr. Benziman wrote, "but he doesn't want to hide behind the wide back of the minister of defense for his responsibility as prime minister for the war."

According to testimony during the trial, Mr. Sharon had always intended to send Israeli troops deep into Lebanon. But Ha'aretz said, Mr. Sharon led the government to believe that he was planning a narrow mission. Later, Ha'aretz said, Mr. Sharon reported that he was making decisions to proceed deeper into Lebanon, based on military realities on the ground.

## U.K. Balloonists Leave Spain in Bid To Circle the Globe

The Associated Press

MADRID — Two British balloonists hoping to circle the globe lifted off Wednesday from a golf course at Almeria in southern Spain.

Andy Elson and Colin Prescott waved to hundreds of well-wishers on surrounding hilltops as the 60-meter (200-foot) gold and silver balloon soared into a clear sky.

"It looked fantastic," said Mr. Prescott's wife, Susie. "Much faster than I thought."

"It's exactly as Andy and Colin intended it to be," she added. "They have got the solar panels down, and it could not have gone better."

The plan is for the balloon to launch onto subtropical jet stream winds near the Canary Islands off the coast of West Africa and then head east across North Africa.

The balloon will carry the pilots in a pressurized, high-tech cabin at an altitude of 9,000 to 15,000 meters. A successful touchdown could be in the North Sea or in the Mediterranean in 11 to 24 days.

Mr. Elson, 45, and Mr. Prescott, 48, say they have planned a route that will allow them to avoid flying over China, which has refused to give balloonists authorization to cross its airspace after another team drifted off course in December.

Circumnavigating the globe nonstop in a balloon is one of the last great challenges facing aviators. The American beer company Anheuser-Busch is offering a \$1 million prize to the first team to achieve thefeat.

The most recent attempt — by the British entrepreneur Richard Branson, the American millionaire Steve Fossett and Per Lindstrand of Sweden — failed halfway through the journey in December.

## U.S. and UN Haggle Over Libya Pledge

By John M. Goshko  
Washington Post Service

UNITED NATIONS, New York — Secretary-General Kofi Annan has proposed assuring the Libyan leader, Moammar Gadhafi, that a long-sought trial of two Libyan suspects in the 1988 Lockerbie airliner bombing would not attempt to undermine his government, according to U.S. sources.

But the United States, they added, insists on language that would leave enough room to permit fixing blame for the bomb attack, which sent Pan Am Flight 103 plummeting to the ground at Lockerbie, Scotland, killing 270 people.

Mr. Annan and U.S. officials are wrestling with the wording of a letter to Colonel Gadhafi seeking to meet his conditions for turning the two suspects over for a trial under Scottish law to be held in the Netherlands.

Mr. Annan has been instructed by the UN Security Council to act as middleman in the attempt to arrange the transfer of the suspects, but he cannot make any offer to Libya that is not approved by the United States and Britain, the two countries seeking to bring the suspects to trial.

"We are close, but the language is still being negotiated," a U.S. source said. "There probably will be language that talks of 'not undermining' the Libyan regime and that says the trial will be limited to matters pertaining specifically to the Lockerbie case. But we are not agreeing to anything that would permit Tripoli to bar full disclosure of who and what was involved in the bombing."

To that end, the sources said, a U.S. undersecretary of state, Thomas Pickering, traveled to New York this week for talks with Mr. Annan. The sources acknowledged that President Bill Clinton's

administration faced the delicate task of ensuring that the suspects were brought to trial under conditions that would satisfy the families of the Lockerbie victims that undue concessions were not being made to the Gadhafi government.

The Libyan suspects — Abdel Basset Ali Megrahi and Lamen Khalifa Fhimah — were indicted in Britain and the United States on charges of planting a bomb on the jetliner. After years of diplomatic jockeying, London and Washington agreed to a trial by a panel of Scottish judges who would sit at the neutral venue of Camp Zeist, a military base in the Netherlands.

Although Libya proposed the deal, it has stalled for months, seeking to set conditions and demanding explanations

## TRAVEL UPDATE

## U.S. Warns Travelers On Kurdish Reaction

WASHINGTON (Reuters) — The United States on Wednesday urged its citizens traveling abroad to take special security precautions due to the angry reaction by Kurds to the capture of the death toll to 208 this winter, police said Wednesday. Thick snow continued to blanket Poland, and four times as many people have died of the cold this year as last.

## Bargains on American?

WASHINGTON (Reuters) — American Airlines was expected to offer bargains to win back passengers alienated by a pilot's sickout. Experts predicted frequent-flier benefits rather than big fare cuts.

## Flu Kills 18 in Hungary

BUDAPEST (AFP) — A flu epidemic has killed 18 people so far this winter in Hungary, health officials said Wed-

nesday.

Wednesday.

fairly Targeted Lawyer Says

Mrs. Dole's Heated Response to Critics of Her Red Cross Work

U.K. Balloonists Leave Spain in B. To Circle the Globe

Spain

Andrea and Colin Peacock have been flying across the globe for 10 months.

The pair are currently in Spain, where they are due to leave on Saturday.

## THE AMERICAS

# Dole's Portrayal of Her Red Cross Success Leaves Some Unconvinced

By Charles R. Babcock  
and Judith Havemann  
Washington Post Service

**WASHINGTON** — As the just-retired president of one of the nation's largest charities, Elizabeth Hartford Dole portrays herself as a bold reformer who rescued a critically injured blood program and delivered "real-life miracles" to victims of natural disasters around the world.

Her work as president of the American Red Cross, she told an audience in New Hampshire last week, gave her experience overseeing 32,000 employees and 1.3 million volunteers. "I undertook a seven-year, \$287 million transformation of the way the organization collects, tests and distributes half of the nation's blood supply."

The system is now the best in the world, she proclaimed.

This image of confident leadership and surefire performance as head of a huge and complex organization is central to Mrs. Dole's pitch as she positions herself for a possible Republican presidential candidacy, her first run for public office.

But some who closely watched Mrs. Dole's management of the Red Cross during a period of turmoil and controversy offer a mixed assessment of her performance and what it suggests about her possible presidential leadership style.

She is a manager of great strengths and broad

vision, competently overseeing a charity with \$2 billion a year in revenue and missions as diverse as a Fortune 500 company, her admirers say. At a time when the Red Cross, like many charities, had seen its United Way funding plunge, Mrs. Dole not only made up the difference but used her own tenacity and persuasive charm to increase public donations by 9 percent. But she also has intertwined politics and philanthropy in a way that gave fuel to her critics in the nonprofit world.

At times, Mrs. Dole seemed more interested in her own image than that of the Red Cross, some observers inside and outside the charity say. Even in managing the crisis involving the safety of the Red Cross blood supply, which Mrs. Dole cites as her greatest achievement, she first launched what federal regulators later viewed as a public relations effort and her reform proceeded at a slow and costly pace until a federal agency finally sued the Red Cross to force serious top-to-bottom change.

In a schedule packed with paid speeches to civic and political groups, Mrs. Dole spent so much time on the road that she left herself open to criticism that no one was overseeing the organization's routine operations. A 1996 independent study of the Red Cross by KPMG Peat Marwick criticized Mrs. Dole's management style and reliance on a "shadow staff" of consultants.

The purest indicators of Mrs. Dole's performance as Red Cross president are the numbers that nonprofit groups use to measure success. Money magazine rated the Red Cross the nation's best-run charity in 1996, based on the proportion of its income, 92 percent, that went directly toward helping the public.

The show raised \$25,000 through a national toll-free number and may have brought in more to the Red Cross's 1,300 local chapters.

Critics complained that she added her political allies to the payroll, including Mari Masing Will, the communications director for Bob Dole's 1996 presidential bid, who served as a consultant on the blood program. Mrs. Dole also installed important Republican donors, such as Inez Andrews, wife of the agribusiness giant Dwayne Andrews, a longtime supporter, on the Red Cross board of directors.

Always mindful of image, she occasionally distanced herself from controversies the Red Cross faced, according to those inside and outside the organization, leaving others to take the public heat.

"She delivers the good news," said Paul Cloey, editor of the Non-Profit Times, which has closely monitored Red Cross operations for years. "The bad news is delivered by someone else."

An event late last year showed how she sometimes left the impression that she was using the Red Cross job to better position herself politically, charity watchdog groups say.

Mrs. Dole was prominently featured on a prime-time television Christmas Eve "spectacular" showcasing the charity's achievements. "People were thrilled," said Josie Martin, Red Cross spokeswoman. She left her post last week.

The show raised \$25,000 through a national toll-free number and may have brought in more to the Red Cross's 1,300 local chapters.

The telecast cost the Red Cross \$1.3 million to produce and was planned by Melinda Farris, a special events consultant, who had helped organize public relations for Mrs. Dole at the 1996 Republican National Convention.

Mrs. Farris came to the Red Cross in 1994 after doing political image consulting work for Republican women. She said she and Mrs. Dole never discussed her possible presidential candidacy during the preparation for the Christmas Eve television show.

Robert Bothwell, president of the National Committee for Responsive Philanthropy, said that the program may have had a legitimate purpose but that its timing also gave it "the appearance of being a launching show" for a Dole presidential bid.

Eleven days after the show aired, Mrs. Dole announced that she would resign to consider a run for the White House.

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Norman Augustine, longtime chairman of the Red Cross board, said he thinks Mrs. Dole ranks high as a Red Cross leader.

"If I was speaking in business terms, I'd say

she's done 'a turnaround,'" Mr. Augustine said.

In fund-raising, Mrs. Dole was battling against a \$67 million cutback in money received annually from the umbrella agency, United Way. She fought back, but it was an expensive proposition: The costs of fund-raising doubled from \$33 million in 1991, the year she arrived, to \$67 million last year.

Overall, however, it was a successful effort. The 9 percent increase in public donations that Mrs. Dole achieved translated to a total of \$567 million last year.

Corporate and other nontraditional donations more than doubled during her tenure. She called on business leaders she knew from her previous political jobs. Many of them gave generously to the Red Cross for the first time.

Mrs. Dole also lobbied personally to get Congress to give the Red Cross \$170 million, to the chagrin of less well-connected charities. Getting such money "smacks of inside dealing," said James MacPherson, head of America's Blood Centers, the group of nonprofit blood banks that competes with the Red Cross.

None of the controversies surrounding her leadership surfaced in New Hampshire last week as Mrs. Dole recapped her Red Cross years in what was billed as a speech on "the values of volunteerism" but which quickly took on the feel of a prelude to a presidential announcement.

## It's a Wonderful Midlife

The Classic Crisis Isn't the Norm, Study Shows

By Erica Goode  
New York Times Service

**NEW YORK** — On Madison Avenue, childhood is carefree, adolescence equals angst, and middle age is synonymous with emotional upheaval — and a passion for sports cars.

But researchers who study the unfolding course of human lives have learned to distrust such popular stereotypes. The reality of development across the human lifespan, they find, is almost always more complicated, less romantic and far more interesting than any portrayal offered up by the world of advertising.

Certainly this is true of the portrait of middle age emerging from a 10-year study of nearly 8,000 Americans by the MacArthur Foundation Research Network on Successful Midlife Development, which released the first in a series of reports on its findings Monday.

Far from being a time of turmoil, for most people the midlife years appear to be a time of psychic equanimity, good health, productive activity and community involvement, the researchers found. "On balance, the sense we all have is that midlife is the best place to be," said Orville Brim, director of the network, which is made up of researchers from many academic disciplines.

The years between 35 and 65, and in particular the decades between 40 and 60, are when people report increased feelings of well-being and a greater sense of control over many parts of their lives. A majority of participants in the MacArthur study said they felt better about their lives than they did 10 years before.

Finances and sex life were the areas over which people in the study felt they had least control. Men in the study felt more in control of their marriages than women, while women felt more in control of their sex lives.

And though the notion that most people undergo a "midlife crisis" persists in the public mind, the study confirms earlier findings that midlife upheaval is the exception rather than the rule: Only 23 percent of participants in the study reported having a midlife crisis, and only one-third of those described the crisis as a time of personal turmoil brought about by the realization that they were aging.

The rest tied the crisis to specific events in their lives; in some cases events that had

nothing to do with aging. Many people, a professor of psychology at Brandeis University and a member of the MacArthur network, said people who did experience a midlife crisis appeared more likely to score high on a scale of "neuroticism" and to have a higher level of education.

The centerpiece of the MacArthur project is the Midlife Development in the United States, or Midus, survey, an in-depth canvassing of 3,000 English-speaking adults from 25 to 74 years old. The survey, conducted by telephone with follow-up mail questionnaires, explored a variety of areas under the broad headings of physical health, psychological well-being and social responsibility and was designed to explore why some people seem more successful at achieving these in midlife than others.

A further 5,000 subjects also completed the telephone interview and mail questionnaire as part of 11 related studies. Results from those studies will be released in future reports, Mr. Brim said.

While other research has plumbed various aspects of the middle of the human lifespan, the strengths of the MacArthur project, the researchers said, are its size and comprehensiveness and the opportunity it affords researchers to compare and correlate data from a large sample in many domains of life.

In the realm of physical health, the study found a "strong sense of optimism among people in midlife" about their health and the prospects for it in the future. More than 70 percent of those surveyed described their health as excellent, though that number dropped about 20 points among older respondents when they were asked how good they expected their health to be in 10 years.

Though survey participants were likely to underestimate their risk of serious illnesses such as cancer and heart disease, according to Paul Cleary, professor of health-care policy at Harvard Medical School, who analyzed some of the survey's health data, more than 95 percent agreed that "keeping healthy depends on things I can do."

Back problems (22 percent), arthritis or rheumatism (21 percent), anxiety, depression or other emotional difficulties (21 percent), stomach trouble (20 percent) and high blood pressure or hypertension (19 percent) were the most frequent complaints among study participants aged 35 to 64.

More than 80 percent of participants in the study reported having a midlife crisis, and only one-third of those described the crisis as a time of personal turmoil brought about by the realization that they were aging.

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The centerpiece of the MacArthur project is the Midlife Development in the United States, or Midus, survey, an in-depth canvassing of 3,000 English-speaking adults from 25 to 74 years old. The survey, conducted by telephone with follow-up mail questionnaires, explored a variety of areas under the broad headings of physical health, psychological well-being and social responsibility and was designed to explore why some people seem more successful at achieving these in midlife than others.

A further 5,000 subjects also completed the telephone interview and mail questionnaire as part of 11 related studies. Results from those studies will be released in future reports, Mr. Brim said.

While other research has plumbed various aspects of the middle of the human lifespan, the strengths of the MacArthur project, the researchers said, are its size and comprehensiveness and the opportunity it affords researchers to compare and correlate data from a large sample in many domains of life.

In the realm of physical health, the study found a "strong sense of optimism among people in midlife" about their health and the prospects for it in the future. More than 70 percent of those surveyed described their health as excellent, though that number dropped about 20 points among older respondents when they were asked how good they expected their health to be in 10 years.

Though survey participants were likely to underestimate their risk of serious illnesses such as cancer and heart disease, according to Paul Cleary, professor of health-care policy at Harvard Medical School, who analyzed some of the survey's health data, more than 95 percent agreed that "keeping healthy depends on things I can do."

Back problems (22 percent), arthritis or rheumatism (21 percent), anxiety, depression or other emotional difficulties (21 percent), stomach trouble (20 percent) and high blood pressure or hypertension (19 percent) were the most frequent complaints among study participants aged 35 to 64.

More than 80 percent of participants in the study reported having a midlife crisis, and only one-third of those described the crisis as a time of personal turmoil brought about by the realization that they were aging.

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## ASIA/PACIFIC

## Pakistan High Court Rules Against Military Tribunals

*The Associated Press*

ISLAMABAD, Pakistan — In a ruling that spares 14 people from death sentences, the Pakistani Supreme Court decided Wednesday that civilians cannot be tried in military courts.

The seven-member panel declared that "military courts for the trial of civilians" were "unconstitutional, without lawful authority and of no legal effect."

Attorney General Chaudhry Farooq said the cabinet of Prime Minister Nawaz Sharif would meet to decide whether to ask the court to review the decision.

Supreme Court rulings cannot be appealed, but justices can be asked to reconsider their decisions.

In November, the government set up the new military tribunals in Sindh Province to try to reduce the spiraling crime rate. Last month, the government announced it would establish similar courts throughout the country in a campaign to fight crime.

"We are not oblivious of the fact that terrorism in Karachi and in other parts of Pakistan has not only taken a toll of thousands of innocent lives but has also affected the economy of the entire country," the judgment read.

"And it is a matter of paramount importance that this menace is eliminated effectively in the shortest possible time, for which a solution should be found within the framework of the constitution."

The Human Rights Commission of Pakistan welcomed the court ruling, calling it a "victory for the country's constitution." It said the decision was a "defeat of those who pleaded expediency above rule of law, arbitrariness in place of established norms."

There was some uncertainty over when and how the Supreme Court ruling goes into effect. It said all cases before the military courts must be transferred to Pakistan's anti-terrorism courts.

Within hours of the judgment, the

military courts that were in session adjourned, the Associated Press of Pakistan said.

An army spokesman earlier said the trials would stop once the army had received its orders from the Supreme Court.

Former Prime Minister Benazir Bhutto called the court ruling a "slap in the face for a regime hell-bent upon destroying every institution of state."

The Muttahida Qaumi Movement, often known as MQM, a small ethnic party that dominates the cities of southern Sindh Province, accused the government of using the military courts to target its supporters.

The MQM, which represents Urdu-speaking Indians who emigrated to Pakistan, challenged the legality of the tribunals in an appeal to the Supreme Court.

"This decision shows that the Supreme Court is not under pressure from anyone," Babar Qaumi, an MQM spokesman, said. "The decision has proved that the people of Pakistan can approach the Supreme Court to seek justice."

Three people were executed in Sindh Province after being convicted by an army-run court. Last month, the Supreme Court ordered all death sentences suspended pending its ruling.

The government argued that the military courts were effective and that the crime rate had dropped substantially since the panels began operating in Karachi, the Sindh provincial capital.

Cases before the military courts generally take less than two weeks, compared with months, and sometimes years, in the civilian judicial system.

In the military trials, the court appoints attorneys for the defendants and the attorneys are not allowed to call witnesses, even though prosecutors can call witnesses. The defendants' attorneys cannot argue verbally and must present their defense entirely in writing.



Members of the Muttahida Qaumi Movement celebrating the court ruling in Karachi on Wednesday.

## Coalition Faces Uphill Task In Eastern Malaysian State

*Agence France-Presse*

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad's governing coalition will have difficulty retaining power in the eastern Sabah state in elections that could be called as soon as next month, senior Malaysian officials say.

"It will be an uphill task due to anti-federal sentiment and widespread practice of money politics," a deputy minister from the National Front coalition said in an interview after making a visit to Sabah.

Family members were divided in their support for the various parties, he said. "The wife would support the government," he said, "but the husband is a supporter of the opposition."

He also said that Sabah members of Mr. Mahathir's United Malays National Organization did not demonstrate their loyalty to the party, unlike members in peninsular Malaysia.

"Their interest was more important than the party's," he said.

Mr. Mahathir is the dominant member of the National Front coalition and champions the interests of the country's Muslims, who represent about 54 percent of the 22 million Malaysians.

The Sabah state government's term ends March 18 and an election should be held within 60 days after the term expires.

Analysts expect the assembly to be dissolved after the Lunar New

Year celebrations this week and elections to be held in mid-March.

An unofficial election campaign has been waged for the past couple of weeks, and Mr. Mahathir is expected to start a three-day visit to Sabah on Feb. 18.

The deputy minister said a visit by some senior UMNO ministers to help in the election campaign had backfired because of their insensitive approach.

"Some of these ministers just play golf and entertain supporters at the hotels," he said.

UMNO has 21 of the 43 seats held by the coalition in the 48-seat Sabah state assembly.

The National Front is expected to face a stiff challenge from the local opposition party, the Kadazan-based Parti Bersatu Sabah led by Joseph Pairin Kitingan.

The local party is making a comeback after winning 25 seats in the 1994 election but then having 21 legislators defect within a month of being sworn in.

Political observers say the National Front also faces a challenge for the Muslim vote from Parti Barisan Rakyat Sabah Bersatu, led by another former chief minister, Haris Salih.

A major concern among opposition parties is false ballots. Mr. Pairin of Parti Bersatu Sabah highlighted the issue recently, saying he feared "the dead would rise from the grave to vote." There are 726,000 eligible voters in Sabah.

## Truth Panel Rejects Amnesty Plea in Killing of Biko

By Suzanne Daley  
New York Times Service

JOHANNESBURG — Four former police officers who maintained that they had accidentally killed the anti-apartheid activist Steve Biko when he became agitated and had to be restrained have been returned to South Africa's Truth and Reconciliation Commission.

In a lengthy ruling, the commission cited several reasons for its judgment, including the belief that the officers had lied about what happened to Mr. Biko, who died of severe head injuries after they interrogated him in 1977.

The commission said the applicants' version of Mr. Biko's death was "so improbable and contradictory that it has to be rejected as false."

"Moreover, none of the applicants has impressed us as a credible witness," the commission said. "They had clearly conspired to conceal the truth of what led to the tragic death of Biko soon after the incident and have persisted in this attitude before us."

The ruling Tuesday night ended one of the more controversial cases to go before the commission, which was created to help South Africa put its brutal past to rest without the expense and divisiveness of criminal trials.

In theory the ruling leaves the officers vulnerable to criminal prosecution. But that seems unlikely. Legal experts say that proving a charge of murder with intent to kill would be extremely difficult. And a lesser charge of manslaughter would not be possible because the 20-year statute of limitations has expired.

Just how Mr. Biko was killed has been one of the apartheid-era's most enduring mysteries.

Mr. Biko and a friend were arrested outside the small town of Grahamstown in August 1977 on their way to a political meeting in Cape Town. His death in custody that September stirred outrage abroad, and many see it as a turning point in the campaign against apartheid.

The amnesty hearings for the officers, which drew hundreds of spectators, appeared to provide some new details about

how the young founder of the Black Consciousness Movement died.

The officers described how they lied about which day Mr. Biko was taken into custody to cover up the fact that they had not sought medical treatment for him. And they told of how Mr. Biko was left, standing and handcuffed to a window grille for nearly two days even though it was clear that he was no longer coherent.

But the officers claimed that Mr. Biko suffered his head injuries by accident after he lunged at them because they would not let him sit down. Some said Mr. Biko's head was slammed into a wall like a battering ram during the scuffle. One of the officers said Mr. Biko also hit his head on a table.

After the botched interrogation, Mr. Biko was driven about 800 kilometers (500 miles) across the country, lying naked and shackled in the back of a police van, for medical care in Pretoria. The 30-year-old activist died in a police cell before he was taken to the hospital.

To qualify for amnesty, an applicant must confess all and have had a political motive for his actions.

But none of the officers — Daniel Petrus Siebert, Jacobus Johannes Oosthuysen Beukes, Rubin Marx and Harold Soynay (who has since died) — admitted to any crime, saying that they had acted to defend themselves or to restrain Mr. Biko.

For that reason alone, the commission said, it could not grant amnesty. Also if the act was an accident, it could hardly be associated with a political objective, the commission said.

A separate application by a fifth police officer who participated in the interrogation of Mr. Biko, Gideon Nieuwoudt, was rejected last month for similar reasons.

In dismissing the police officers' versions of Mr. Biko's death, the commission said it appeared more probable that Mr. Biko was attacked because the officers were offended by his "arrogant, recalcitrant and noncooperative attitude, particularly exemplified by his occupying a chair without their permission to do so."

"This view is reinforced by the cruel and inhumane manner in which Biko was treated after he sustained the fatal injury," the commission said.

## U.S. Customs Notes Risk of Corruption

*New York Times Service*

WASHINGTON — The front-line role of the Customs Service in the U.S. government's war against illegal drugs has left the agency highly vulnerable to narcotics-related corruption, customs officials have acknowledged in a report to Congress.

The report, which was sent to a House of Representatives panel with jurisdiction over the agency, admitted that the service had failed to combat corruption aggressively. In an atmosphere of neglect, internal inquiries languished and were sometimes impeded because of in-fighting, the report said.

The report is the service's most extensive and critical examination of the way it deals with narcotics-related corruption and other internal issues after years in which sporadic corruption cases have tarnished the image of an agency with 12,000 field inspection employees.

The report concluded, "The large amounts of illegal drugs that pass through U.S. Customs' land, sea and air ports of entry and the enormous amount of money at the disposal of drug traffickers to corrupt law-enforcement personnel place customs and its employees at great risk to corruption."

One focused on preventing the entry of illegal trade goods and farm products, the service has been thrust in recent years into broad responsibilities in interdicting narcotics at the 300 ports through which marijuana, cocaine, heroin and other illegal drugs can flow into the United States. The report was ordered by lawmakers, but customs officials said the agency had taken the initiative to review its approach to corruption issues.

## BRIEFLY

## Muslim Secessionist Is Willing To Meet Philippines President

MANILA — The Muslim secessionist leader Salamat Hashim is prepared to meet President Joseph Estrada to push peace talks forward in the southern Philippines, the chief rebel negotiator said Wednesday.

Ghadziali Jaafar, vice chairman for political affairs of the Moro Islamic Liberation Front, said rebel leaders held a top-level meeting Tuesday to discuss the proposed peace between President Estrada and Mr. Hashim, chairman of the Moro rebels.

Mr. Estrada is scheduled to visit Mindanao, the main southern Philippine island, from Feb. 25 to Feb. 28. A presidential spokesman, Jerry Barican, said Mr. Estrada is prepared to meet Mr. Hashim "provided the ground work has been set" and the agenda is clear. (AP)

## UN Concern Over India Attacks

NEW DELHI — A senior UN official said Wednesday that there was a serious reaction in India to recent attacks on the Christian minority, and she urged the authorities to take strict action against those responsible.

Mary Robinson, UN high commissioner for human rights, said Indian officials had candidly spoken about the attacks against the Christian community.

Christians, who make up less than 3 percent of the predominantly Hindu nation, have faced a wave of attacks since Christmas by alleged Hindu extremists in Gujarat in western India and Orissa in the east. (Reuters)

## Dhaka Opposition Plans Strike

DHAKA, Bangladesh — An alliance of opposition parties will hold a 72-hour nationwide strike later this month to coincide with local municipal elections, an opposition spokesman said Wednesday.

The strike, to be led by former Prime Minister Khaleda Zia, is part of a campaign to demand the dismissal of Bangladesh's chief election commissioner, Mohammad Abu Hena.

The opposition accuses Mr. Hena of favoring Prime Minister Hasina Wazed's Awami League party in recent elections and says he would do the same in municipal elections Feb. 23-25. An opposition strike last week killed seven and injured at least 1,000. (AP)

## Thais Seek Better Burma Ties

BANGKOK — Thailand indicated Wednesday that it wanted to improve its diplomatic ties with Burma's military government after a series of border incidents that strained relations.

Thailand's army chief, Surayud Chulanont, said before leaving on a three-day official visit to Burma that his mission was to soothe relations.

Relations between Thailand and Burma have been tested in recent months, after a series of gun battles at sea along disputed border areas between the southern Thai province of Ranong and Burma's Victoria point. At least seven people have been killed in the incidents, involving armed Burmese vessels and ships, which have occurred sporadically since the middle of 1998. (Reuters)

## INTERNATIONAL

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## BRIEFLY

**U.S. Successionist Is Willing to Meet Philippines President**

W.H.A. — The Malaysian government is prepared to meet with the Philippines' new opposition leader, Ferdinand Marcos, in a chance to discuss the future of the Marcos regime. The meeting, which is to be held in Manila, is to be arranged by the Malaysian Foreign Minister, Dr. Mahathir Mohamad, and the Philippines' Foreign Minister, Dr. Jose Maria Sison. The meeting is to be held in Manila, and the agenda is to be determined by the two leaders.

**Concern Over India Attack**

W.H.D.J. — A series of attacks on Christians in India, including a massacre of Christians in a church in the state of Kerala, has led to a series of protests and actions against the Indian government by Christians in the U.S. and Canada. The Indian government has responded to the protests by increasing its efforts to protect Christians, who make up a significant minority in India. The Indian government has also called for a ban on Christians in India and Canada.

**also Opposition Plans Strike**

W.H.A. — Bangkok, Thailand — The opposition in Thailand has called for a strike on February 21, 1999, to protest the government's policies and actions. The strike is to be held in Bangkok, and is to be organized by the opposition party, the People's Alliance for Democracy. The strike is to be held on February 21, 1999, and is to be organized by the opposition party, the People's Alliance for Democracy.

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More Power  
Less CO<sub>2</sub> Emissions

If you  
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**GDI is  
a petrol engine**  
here are a  
few **more** things  
you may not  
be aware of.

**1** runs on petrol (but doesn't consume as much). The name may sound like a diesel engine. And the fuel economy may be as good as a diesel engine. But Mitsubishi's

Gasoline Direct Injection engine runs (and runs and runs) on petrol. The key to GDI's enhanced fuel economy lies in the precision of the direct fuel injection. Since GDI wastes less petrol it uses less petrol.

**2** runs on petrol (but releases less CO<sub>2</sub>). consumes less petrol, the GDI engine produces far fewer harmful emissions. In fact it runs on 40 parts air to one

part petrol (no wonder it's so clean) drastically reducing the release of CO<sub>2</sub> when compared with conventional engines.

**3** runs on petrol (yet increases power). This unique curved top piston is responsible for the engine's

surge of adrenaline, which in turn is responsible for yours. Yet despite the fuel efficiency, GDI increases torque and acceleration regardless of a car's size or weight.

But perhaps the best thing about GDI is that you don't even need to be aware of the advantages to benefit from them.



## INTERNATIONAL

## Kurds Blame Mossad For Capture of Ocalan

**Rebel Says Israel Helped Turkey Pursue Him, But Others Doubt It Would Risk a New Foe**

By Lee Hockstader  
*Washington Post Service*

**JERUSALEM** — When Abdullah Ocalan arrived in Moscow last autumn after fleeing Syria, his worst blunder was to use a satellite telephone to contact his scattered allies and aides, he said. Within days he was forced to flee to Italy.

"I made a false step," the Kurdish guerrilla leader told the Russian newspaper *Kommersant Daily* in November. "My conversations were monitored, not by the Turks but by the Mossad, who transferred this information to Turkey."

It remains uncertain whether the Mossad, the Israeli intelligence service, was involved in eavesdropping on Mr. Ocalan in Moscow or his subsequent surveillance and capture this week in Kenya.

Israeli officials deny it, and analysts specializing in intelligence matters said they doubted that Turkey needed Israeli help in the snatch operation against Mr. Ocalan or that the Mossad would be involved in an episode so far afield and so peripheral to the Jewish state's interests.

"Most noted that Israel had enough adversaries in the Middle East without adding the Kurds to the roster."

But the very fact that Mr. Ocalan and many Kurds believe in Israeli involvement provided the spark for the violence Wednesday at the Israeli Consulate in Berlin. Officials in the Jewish state are worried it could inspire further attempts.

### U.S. Forces to Attack

#### By April, Iraq Predicts

*Agence France-Presse*

**BAGHDAD** — Iraq said Wednesday it expected a major new U.S. assault by April, following Washington's warnings of severe punishment if Baghdad carries out threats to attack Saudi Arabia and Kuwait.

"The U.S. escalation started two days ago and will continue in coming weeks to prepare a new military strike against Iraq under UN cover, within 45 days at the most," said the newspaper *Babel*, which is run by President Saddam Hussein's son, Uday. "The intensification of enemy air raids in the north and south of Iraq was prepared in advance by the United States, which realized it can not change the regime, as they like to call it, without direct military action," it said.

Iraq has since Sunday threatened Kuwait and Saudi Arabia for letting U.S. and British jets use their air bases.

against Israeli interests at home and abroad. Mindful of the volatility of Kurdish nationalism, Prime Minister Benjamin Netanyahu and other officials issued blanket denials that Israel had played any role in Mr. Ocalan's apprehension in Kenya.

They said the violence in Berlin was a question of self-defense for the Israeli consulate guards who opened fire.

The Israeli denials of involvement are unlikely to quell Kurdish suspicions that the Mossad played a part in the guerrilla leader's arrest.

Israel and Turkey are partners in a deepening strategic alliance, forged in earnest three years ago and frightening to some of its neighbors.

Bound by common enemies — in particular Syria, Iraq and Iran — the two countries have turned a friendship of convenience into one of the more durable-looking alliances in a notoriously fractious region.

Israel offers the Turks high-grade weapon systems and technical know-how in return for training rights for its air force pilots over Turkey's abundant air space. Trade between the two is soaring, and Israeli tourists are packing Turkish resorts.

As two non-Arab countries in the Middle East, each country has been happy to make an ally where it can find one.

But, at least publicly, Israel has been careful not to get involved with the Kurdish separatist war in northern Turkey.

"Intelligence cooperation goes nearly 40 years, back to the late '50s," said Yossi Melman, an Israeli journalist who has written widely about intelligence matters.

"That's always played a pivotal role even in the days when diplomatic relations were not very good. But on the other hand Israel doesn't want to open a new front," he said of the Kurds. "Why should Israel be involved with a party that we don't have any quarrel with?"

Broadcasting from Brussels on Wednesday, Kurdish television accused the Mossad, along with the CIA, of teaming up with Ankara to effect Mr. Ocalan's arrest.

"The incident in Berlin today is an example and result of this alliance founded on this dirty war," Muzaffer Sen, a spokeswoman for the political wing of Mr. Ocalan's guerrillas, told the Berlin-based Kurdish Med-TV channel.

"We violently protest this action."

She added, "It was known that the military agreement between Israel and Turkey was to be used against the Kurdish people."



Berlin fire-brigade officers carrying a wounded Kurdish protester away from the Israeli Consulate.

### KURDS: Israeli Guards Kill 3 Trying to Storm Consulate in Berlin

Continued from Page 1

**Avigdor Kahloni**, the Israeli minister of Public Security, said there were three Israeli guards at the consulate and accused German authorities of exposing them through incompetence.

"Those who were supposed to do the work from Germany didn't do their job," he said. "The guards fired first in the air and then fired to hit in order to save themselves and defend the consulate."

A German police spokesman, Norbert Gunkel, said there were two German policemen outside the consulate at the time the protest began. He did not explain why protection was so light or comment on the response of the two policemen.

In a wide area around the Israeli consulate, blood from the injuries of the wounded spanned the snow an hour after the shooting. Police had encircled two groups of shivering Kurds, numbering about 30 in all, and refused to let reporters speak to them on the grounds that they were "under arrest."

The consul, Miriam Shomrat, was not in the building, but another Israeli woman was briefly held. "There was a clash and several shots were fired," Mr. Gunkel said, but declined to elaborate.

Witnesses said the Kurdish protesters had no guns. One witness, Lukas Bill-

inski, who was walking his dog in the area, said he heard nine shots inside the consulate building, followed by five more a little later.

The violence Wednesday came at a time of intense debate in Germany over the large number of foreigners here, and seemed certain to feed a growing uneasiness. Gerhard Schroeder, the Social Democratic chancellor, said after the shooting that Kurds who did not respect the law would be deported.

"If those living here do not respect the law, they will have to leave the country," Mr. Schroeder said in a statement reminiscent of the positions put forward by the Christian Democratic government from which he took over three months ago.

Several German cities, including Bonn, Leipzig, Stuttgart, Frankfurt and Cologne, were hit by Kurdish protests on Tuesday. These incidents abated Wednesday, but about 15 Kurds broke into the offices of Germany's Social Democratic Party in Hamburg, taking a staff member hostage. A mosque and a Turkish restaurant in Hamburg were also attacked.

"No constitutional state can just wait and watch a civil war being implanted into its midst by a foreign minority," declared an editorial in the conservative newspaper *Die Welt*. "This experience comes in time to give us a lesson in the political naivete of

an undifferentiated citizenship law."

More than 400,000 Kurds live in Germany and more than 2 million Turks, by far the largest such populations in Europe. Mr. Schroeder has proposed new legislation that would make it easier for them and other foreigners to become German citizens.

Elsewhere in Europe, most of the protests against more than 20 Greek and Kenyan migrants ended. But in London, Kurds inside the Greek Embassy were on hunger strike and would set themselves on fire if police stormed the building.

In Switzerland, about 60 protesters continued to hold a policeman at the Greek Consulate in Zurich and the Greek Embassy in Bern was also occupied. In Sydney and Melbourne, demonstrators and police clashed and 65 Kurds were arrested.

About 20 Kurds Wednesday forced their way into the Geneva headquarters of the UN High Commission for Refugees and left about three hours later after a UNHCR spokesman read a statement saying that the United Nations should send a mission to examine the plight of the Kurds.

Bulent Ecevit, the Turkish prime minister, said Wednesday that Mr. Ocalan, who was being held in a prison on Imrali Island in the Sea of Marmara, would be given a fair trial.

## TURKEY: Trial Debate Rages

Continued from Page 1

justice system, but they have no right to have any doubts about it. Also, the Turkish justice system has certain rules about who can defend."

A Foreign Ministry spokesman, Sermet Atacmali, later said Turkey would not allow foreign governments or organizations to send observers to Mr. Ocalan's trial. "It is not possible for us to accept actions from outside Turkey which might be an intervention in the Turkish judicial process," Mr. Atacmali said. "Thus we could not accept such things as observers."

Mr. Atacmali said the trial would be open to the public, but "if people who give themselves legal titles such as observers or lawyers come to Turkey to behave like an inspector, they will not be allowed to do that."

The chief of Mr. Ocalan's legal team, Britte Boehler, a German national who is based in the Netherlands, said after her failed attempt to enter Turkey that she feared Mr. Ocalan was being tortured. "We are telling Turkey we are on this case and we intend to stay on it," Ms. Boehler told reporters in Amsterdam.

Turkish newspapers published Wednesday new details about the commando operation that resulted in Mr. Ocalan's capture. But many were contradictory.

Some reported that Greek Embassy officials in Kenya knew they were sending Mr. Ocalan into a trap when they let him be taken to the airport in Nairobi. Others claimed that Kenyans had participated. Many said the Central Intelligence Agency had provided the first tip that Mr. Ocalan was in Kenya, and several said Israeli secret services had provided advice or other help.

"In the interest of not disturbing those people who took part in this operation," Mr. Ecevit told one interviewer, "I will use a local expression and say, 'Let us eat the grape and not ask where it came from,'"

Turkish television stations broadcast a video showing some aspects of the operation. In it, Mr. Ocalan is seen being led onto a small plane, handcuffed and blindfolded. After being handcuffed to a seat, his blindfold was removed, revealing his sweat-drenched face.

In what seemed to be a bizarre comment from a figure who has portrayed himself as a fearless revolutionary, Mr. Ocalan is heard to tell his captors: "If the truth needs to be told, I love Turkey and the Turkish nation, and I want to serve it. If I have the chance, I would be pleased to serve. Let there be no torture or anything. I would be happy to serve." Later Mr. Ocalan was shown being led to a bed, unsteady and apparently drowsy.

### Turkish Troops Move Into Iraq

Turkish troops have crossed into northern Iraq for a military operation against the Kurdish Workers Party, the Turkish NTV news channel reported Wednesday. *Agence France-Presse* reported from Ankara. The operation was launched Tuesday.

NTV said helicopters were providing air cover for the ground troops who moved into Iraqi territory from the town of Cukurca in the southeastern Anatolian province of Hakkari, which is on Turkey's border with both Iraq and Iran.

The United States gave tacit support to the incursion. "We support the right of the Turkish government to defend itself against terrorists," said the State Department spokesman, James Foley.



Mr. Ecevit pledges "very just trial."

## SENATE: First Lady Is Warned

Continued from Page 1

a number of concerns before she enters the race.

The most important concern, they say,

is that she and President Bill Clinton are

already in serious debt and face what one

adviser estimated to be more than \$3

million in legal bills. Senators make

\$136,700 a year, and conflict-of-interest

rules constrain their ability to earn out-

side income.

After the Clintons leave the White

House, many Democrats view Mrs.

Clinton as the more marketable of the

two through the lecture circuit and a

multimillion-dollar book contract

should she write her memoirs.

But one longtime friend of Mrs. Clinton said it was unfair that the first lady, who has been the primary breadwinner through most of the Clintons' marriage, should be expected to continue in that role after her husband leaves office.

Mrs. Clinton's advisers are also telling

her that she will face personal attacks on

her role in the Whitewater and Travel-

gate scandals and her failure on health

care reform. Friends say she has little

experience in dealing with the press on

her own, and that her relationship with

reporters is often skittish and tense.

Numerous Democrats noted that the

New York press corps is particularly

combative.

No matter how popular she is now,

Mrs. Clinton's advisers said, she would

be making a mistake if she is tempted to

conduct a Rose Garden strategy and stick

close to the White House. New Yorkers

would expect her to spend large amounts

of time campaigning in the state, even

without a serious primary opponent.

(Under New York law, a candidate for

U.S. Senate does not have to establish

residency in the state until Election Day

— November 2000 in this case.)

"New Yorkers are going to give her a

lot of latitude if she decides to run," said

one adviser. "They won't count it

against her if she's an out-of-stater. But

she can't run in absentia."



Hillary Rodham Clinton refusing Tuesday at the White House to answer questions on a Senate run.

and capital flows. On Wednesday, Mr. Chirac called for a "substantial strengthening" of cooperation among the United States, European Union and Japan to improve exchange-rate stability.

On Thursday, a day before his White House meeting, Mr. Chirac will visit the headquarters of the International Monetary Fund for talks with the IMF's managing director, Michel Camdessus, and James Wolfensohn, president of the World Bank.

Although Mr. Rubin's remarks appear to signal a clash between the United States on one side and Europe and Japan on the other, there are differences within the European Union as well.

A senior European Central Bank official and two European finance ministers also rejected German proposals Wednesday for the G-7 to manage the exchange rates of the euro, the dollar and the yen.

Omar Issing, an executive board member of the ECB, said the idea of

setting currency target zones — under which governments and central banks would intervene to keep exchange rates within an agreed band — was dangerous and would be an invitation to speculators.

Two European finance ministers — Carlo Azeglio Ciampi of Italy and Gerhard Zalm of the Netherlands — also criticized the notion of target zones. "It would be an error to set specific targets for currencies," Mr. Ciampi said, adding that such measures in the past "have always been counterproductive."

Among other key officials who have rejected the currency target proposal are the ECB president, Wim Duisenberg, and the U.S. Federal Reserve Board chairman, Alan Greenspan.

Separately, at the G-7 meeting Saturday, Hans Tietmeyer, the Bundesbank president, is expected to present his proposal to create a so-called Financial Stability Forum, through which senior-level international financial regulators would meet periodically in an attempt to forestall potential crises.

Mr. Tietmeyer was asked by the G-7 in September — after more than a year of the global financial crisis — to study ways to achieve better coordination among banking and securities regulators and international organizations such as the International Monetary Fund.

The influential German central bank has already signaled, however, that





## OPINION/LETTERS

**The Emperors of Olympic Sports Show They Have No Clothes**

By Robert H. Helmick

**L**OS ANGELES — The stories emerging from Olympics headquarters in Switzerland recall the familiar fable about the emperor's new clothes. While the emperor is persuaded by his courtiers that he is resplendent in a gold suit, it takes a little boy to declare that the emperor is not wearing any clothes at all.

So it goes with the emperors of Olympic sport, who reassure each other that their credibility and authority remain intact while each new revelation of high-level corruption shows that their imperial "clothes" actually are in shreds.

The recent refusal to give the International Olympic Committee the power to deal with the use of drugs in world sporting competition is only the latest sign of terminal weakness in the IOC and its long-entrenched president, Juan Antonio Samaranch.

And a budding revolt within the IOC against Mr. Samaranch's plan to change the site-selection process indicates that his continued tenure is in doubt.

The main question is not whether Mr. Samaranch and his close associates share the blame for the perks and payoffs that marred the choice of Salt Lake City for the Winter Games in 2002.

Regardless of what the investigators discover, new

leadership is required now to restore some of the lost glory of the Olympic movement before it is too late.

The best answer would be an early retirement for Mr. Samaranch at the age of 79 rather than allowing him to continue until his team expires in two years.

In order to move quickly, someone of unquestioned integrity who is acceptable to the IOC must be appointed to take charge. Princess Anne of Britain, an IOC member, has those qualifications. She has been an Olympic competitor, heads the International Equestrian Federation and long has scolded the lavish gifts that were provided to IOC members by cities seeking to host Winter or Summer Games.

Her selection as interim administrator would be greeted with nothing but applause.

In the long term, the secrecy and lack of accountability that have characterized Olympic decision-making must be relegated to the dustbin of history.

Eventually, with ample time for transition, the virtual life terms of IOC members must be limited, and they must be elected by their national sports organizations rather than anointed by their peers.

After all, the Olympics have become a multibillion-dollar business and it can no

longer be run like a family concern that need not open its books to anyone.

In many ways, the IOC, in its present form, has outlived its usefulness. It is amazing, for example, that the president of the U.S. Olympic Committee is not a member of this powerful governing body. This is true although the overwhelming percentage of Olympic funds comes from the United States. Therefore, USOC membership on the IOC should be a no-brainer.

Ever since the Los Angeles in 1984 proved that the Olympics could be a profitable venture, the competition among cities to host the world's best athletes has become intense and, in some cases, unprincipled. Reform of the selection process by putting more weight on a professional evaluation of a site's athletic facilities rather than more marginal factors would reduce the temptations offered to decision-makers.

Finally, former Olympic and corporate sponsors of the Games must insist on immediate changes in the IOC's high command as well as reforms in institutions that have shown little ability to prevent scandals from erupting in Salt Lake City and elsewhere.

Champions such as Mark Spitz and Carl Lewis could be recruited to spearhead



changes in the governance of the games. Corporations such as Coca-Cola and John Hancock Insurance cannot sit on the sidelines while the reputation of the Olympics slips to the depths.

At their best, the Olympics demonstrate the limits of human performance and hold up the ideal of fair play. They help to unify a world too often divided by religious and ethnic conflict. But athletes — and the public — deserve a level playing field and confidence in the integrity of the Olympic Games.

The Olympic emperors must relinquish their powers to avoid even more disgrace and clear the way for change. For now, there is too little accountability, too little openness and far too much arrogance at the top.

*The writer, a former president of the U.S. Olympic Committee, was a member of the IOC from 1985 to 1991. He contributed this comment to the Los Angeles Times.*

## LETTERS TO THE EDITOR

## Indonesia's Success

Regarding "World Bank Admits Failings in Indonesia's Collapse" (Feb. 12):

There are a few elements that make Indonesia's success story compared with most other developing countries:

Indonesia has achieved one of the best records anywhere for the speed with which it has succeeded in meeting much of its children's nutrition, health and education needs. Furthermore, it has had a very successful

family planning program largely through and because of the World Bank's involvement and largesse in the early 1970s and has significantly raised the standard of housing, waste disposal and communication for its population.

SAMIR BASTA,  
Mouans, France

## Germany and Immigration

Regarding "Who Is a German?" (Editorial, Feb. 10):

## BOOKS

NO GO THE BOGEYMAN  
Scaring, Lulling and Making Mock

By Marina Warner. 434 pages. \$35. Farrar Straus Giroux.

Reviewed by Michael Dirda

MARINA WARNER'S previous work of grandly exuberant cultural history, "From the Beast to the Blonde," was subtitled "On Fairy Tales and Their Tellers." Whether as Sybil or Sleeping Beauty, Wise Crone or Mother Goose, women dominated this study of the feminine, domestic and sexual elements in some of the world's most celebrated stories. Learned, sprightly and continually surprising, "From the Beast to the Blonde" already seems one of those indispensable books we did not know we needed until it appeared.

Now Warner has returned with a comparably ambitious survey of how folk tales, art and mythology deal with fear, in particular with masculine figures of dread: ogres, giants, cannibals, devils, strangers, serial murderers. "No Go the Bogeypman" — the enigmatic title echoes a line from the poet Louis MacNeice ("It's no go the Yogi-man") — starts with an analysis of Goya's gruesome "black" painting "Saturn Devouring His Child" and closes with reflections on the contemporary obsession with pedophilia.

In between, this capacious volume considers the affinity of children and monsters, the Eric-King, insect mimicry, the cloacal nature of Dante's Hell, a fiery carnival celebration in Spain, the disturbing link between Hedy Communism and cannibalism, Shakespeare's gory "Titus Andronicus," the function of the grotesque, Josephine Baker and Carmen Miranda, the art of Hieronymus Bosch, King Kong and the symbolism

of bananas. Among other matters. As her subtitle suggests, Warner divides her study into three sections. Under "Scaring" she notes how "uttering the fear, describing the phantom, generally scaring oneself and the audience constitutes one way of dealing with the feelings that giants, ogres, child-guzzlers, ghouls, vampires, cannibals and all their kind inspire." In fact, "dreaming of their horrors and desires and crimes, exaggerating them, reinforcing them, repeating them over and over again, works to squeeze pleasure out of the confrontation."

In particular, Warner zeroes in on the common childhood terror of being gobbled up by the bogeyman: "The cluster of meanings around the idea of consumption (devouring, swallowing, wolfing down, bloodsucking, to name but a few)," she declares forcefully, "communicates struggles about separate identity, filiation and personal autonomy." This may sound rather academic and anthropological, but Warner overflows with surprising connections and myriad factoids from the byways of history and popular belief.

Though one might fault Warner's book for a somewhat ramshackle structure and a certain schematic vagueness to the arguments, its prose is nearly always vivacious and striking. "Supposing together in myth, epic and fairy tale is usually far more dangerous than sleeping together."

Of the early Italian fabulist Basile, Warner notes with obvious gusto that "he specifically chooses to ventriloquize in the voice of old wives, each one more grotesquely ugly than the next — female Aesops, storytelling grylli, despised beldam and crones, hook-nosed, hunchbacked, boss-eyed, splay-footed, dribbling, crippled."

Nothing is alien to this erudite culture critic. At one moment Warner may refer to Smurfs or an underground comic or "Blade Runner," and in the next drop in the marvelous, if unusual word such as "lacustrine" or "usufuct."

Like a proto-surrealist, the great artist Durer maintained that "whoever wants to do dreamwork must mix all things together." From this perspective, Warner's "No Go the Bogeypman" is a dream of a book. Dip into it anywhere and you will draw up wonders.

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## TribTech

TOMORROW'S  
ESCAPE

## ALT / Commentary

## An On-Line Outpouring Helps a Family Endure

Advice and Prayers Flow for Leukemia Victim

By John Schwartz  
*Washington Post Service*

**W**ASHINGTON — Gabe's gone. Though I never met the California teenager, and I have encountered his father only once, I feel that I've known his family for years. Thousands of people feel the same way.

Gabriel Catalifo's life, his struggle to bring the leukemia that was first detected in 1991 into remission and then his death in November all were chronicled on-line by his father, Phil. He posted his story on the Web, a Sausalito, California-based on-line community known for having some of the best discussions available on the Internet.

After introducing the notion of telling his family's story, Phil began posting messages like this one in

**DAY 1: Monday, 11/7/99**

*At about 4:30 P.M., I was plinking away on my computer when I heard the door to my office open suddenly. A brisk wind blew in briefly, and I turned to see my wife, Michelle, entering. In a slightly tremulous, half-whispery voice, she said, "I don't know how to tell you this, but Gabriel has leukemia."*

Their athletic, robust, 7-year-old son had been complaining of abdominal aches and had grown pale. A blood test confirmed the cancer.

*The drive home was cold and quiet, except for my head. I have to tell the kids. I have to tell the neighbors. I have to tell the whole freaking world. My son has leukemia. My son has leukemia. I have to tell somebody. If I tell everybody, eventually I'll tell somebody who can undo this.*

**I have to tell the whole freaking world. My son has leukemia. I have to tell somebody. If I tell everybody, eventually I'll tell somebody who can undo this.**

*beautiful light. And there's no room there." That's right, I added, and no pain.*

*We continued discussing various things for a while. At one point he looked up at me, smiling through trembling lips, and said, "Hey, Dad, maybe you can write a book about me." You know I will, I said, weeping. And maybe you can write something too.*

*This seemed to lighten his mood. "Hey, this sucks," he said, smiling broadly. "I'm gonna die a virgin!"*

**T**HE GOODWILL flowed once again from the community of supporters. But I guess you're only allotted so many miracles per lifetime. Gabe died Nov. 4, at age 15.

In his eulogy, Phil said:

"I am charging us all with the task of honoring Gabe's memory by being every bit as heroic as we agree he was. From this day forward, I don't want to hear only how brave Gabe was or even how brave our family is. I want to hear how brave we all are. That's how we'll know we learned what Gabe taught us."

Anybody who tries to tell you the Internet is an evil place, that the friendships made there aren't real, that the people are fake — well, those folks just haven't been to the places I've

thrived in the face of despair.

*John Schwartz is a science reporter at The Washington Post and can be e-mailed at schwartz@washpost.com.*

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## Cell-Phone Users Get a Spelling Shortcut

By Mike Mills  
*Washington Post Service*

**W**ASHINGTON — What's the biggest barrier preventing pocketphones from being used as electronic mail devices? It's those dreaded Touch-Tone alpha-numeric keypads. Sure, punching in a phone number is simple. But spelling out words is a headache, with each number key responsible for three letters — ABC, DEF, GHI, etc.

For instance, to spell "Call Me" on a Sony cell phone, one must hit the number 2 three times to advance from A to B to C, and then wait for the cursor to move to the next letter. The letter A is also on the number 2, touch once. The letter L requires three presses on the number 5, etc.

It takes 13 pushes of the buttons to spell just two little words. Imagine writing an entire e-mail message that way.

Some manufacturers have tried cramping a full keyboard into a wireless phone. The Nokia 9000 series has a clamshell design that opens to reveal a small screen and keyboard. The result is a phone that is too big and a keyboard that is too small.

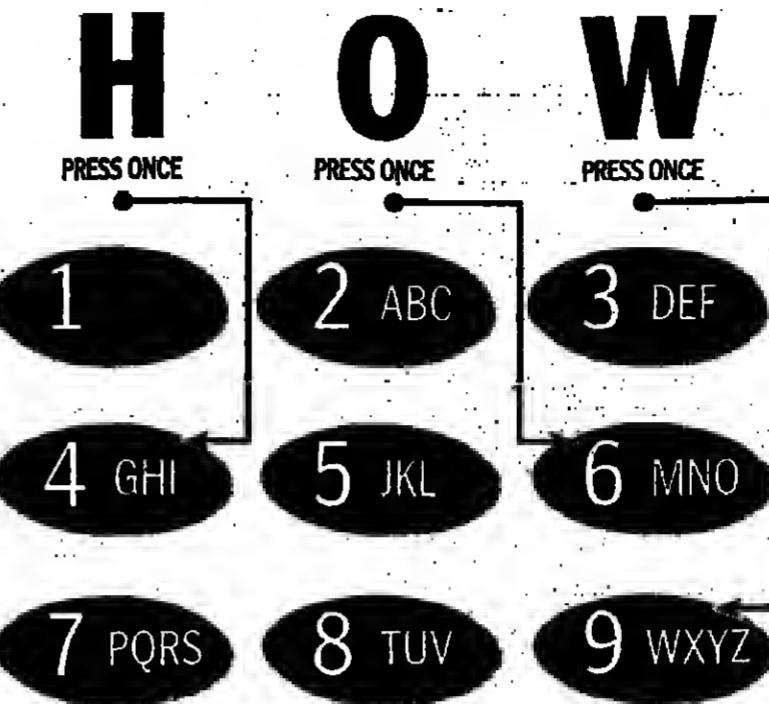
A small, privately held Seattle-based company called Tegic Communications has found a way around the problem, not by abandoning the Touch-Tone keypad but by embracing it and making it faster.

Tegic, founded by a trio of linguists whose previous work involved making it easier for the disabled to communicate, has developed advanced linguistic databases that vastly speed the process of spelling out words on a Touch-Tone keypad.

Its product, called T9 (after the nine buttons on a phone that spell the alphabet), is being rapidly adopted by makers of cell-phone equipment and will appear on many popular-branded phones in the next year. Nokia Oy, Motorola Inc., Mitsubishi Corp., Sony Corp., Samsung Co., Philips Electronics NV and others already have signed on. Several phones on display at the wireless industry trade show this month in New Orleans employ T9.

T9 allows users to simply spell out the words they want by hitting each button once, without having to hit the key again to advance to the correct letter.

Rather than the six button pushes required to spell the word "how" (hitting the number 4 twice to advance to the H,



Tegic's T9 technology lets users spell out words they want by hitting each button once, without having to hit the key again to advance to the correct letter. It then picks the most commonly used word made up of those letters.

the number 6 three times to get to O and the number 9 once to get to W), the user simply hits 4-6-9. The computer chip inside the phone figures out that the user is going after "how" and sorts out the correct letters.

How does it know?

It's all about writing software that factors in the most frequently used words in any language, said William Valenti, the Tegic executive vice president for business development. T9, he said, "disambiguates," or decodes, the keystrokes to make a highly educated guess of what the user is trying to spell.

"It's a set of rules on how words are made," Mr. Valenti said. The software sorts through millions of words from the Internet and ranks those that are most commonly used. "It's a living database that reflects how people use text."

Tegic struggles with issues such as

But what if it's wrong?

What if the user is trying to spell "home," and it comes out "good"? (Both are 4-6-6-3.) Or wants "me" and gets "of"? (Both are 6-3.) In those cases, the user would hit the arrow key on the keypad to move to the next most likely word: The computer ranks "good" as more often used than "home" and "of" before "me." The technique still saves strokes: Spelling "home" without T9 requires eight button pushes; with T9 it takes five.

The technology works for more than just English. It's also available for Danish, Dutch, French, German, Italian, Korean, Norwegian, Portuguese, Spanish and Swedish. More languages are scheduled, including Chinese, Finnish and Japanese.

they could get a similar service free — the movement in Britain now seems to be strongly toward the no-fee providers.

The biggest breakthrough came last week when British Telecommunications PLC renamed its BT Click Internet provider service to BT Clickfree and waived all access fees. John Swingewood, the phone giant's Internet director, said customers had demanded the change.

## Free-for-All in Britain, Where Web Surfers Needn't Pay

By T.R. Reid  
*Washington Post Service*

**L**ONDON — Eat your hearts out, all you fee-paying Web surfers. In Britain, you can cruise the Internet for free.

Dozens of Internet service providers have sprung up here offering unlimited access to the Internet, along with electronic mail and blocks of data storage space, all without charge. The trend is so popular that some established providers have been forced to eliminate their monthly fees to hold on to subscribers.

The emergence of free competition here puts a squeeze on America Online Inc., which had been the leading Internet provider in Britain, with 900,000 subscribers paying as much as the equivalent of \$34 per month.

This month, the biggest of the no-fee providers, Freeserve, signed up its millionth customer and passed AOL as the top Internet service provider. Other providers that do not charge expect to reach the million-subscriber mark soon.

In most places, the standard pattern for Internet access remains that users pay a monthly fee to a provider; a typical arrangement in the United States provides unlimited hours of surfing for \$19.95 per month. An increasing number of upstarts in the United States have offered free access, hoping to make their profit on advertising, but several have

recently failed. There are also free, advertising-supported e-mail services, but to get to them you first have to pay the monthly fee to your provider.

Britain's "free" Internet access is not exactly cost-free to surfers, because local telephone service in Britain generally includes a per-minute charge even for local calls. The connection charges run from the equivalent 6 cents per minute on weekdays to 1.7 cents per minute on weekends.

But until Freeserve came along, British Internet users had to pay those telephone charges as well a monthly access fee. This is presumably one reason why only about 25 percent of Britons regularly access the Internet, compared with 40 percent or more in the United States.

**F**REESERVE, whose address is <http://www.freeserve.net>, was introduced in September by Dixons Group PLC, the electronics retail chain. It was originally a way to get people into the stores, because you have to go to Dixons or one of its allied chains to get the free CD-ROM needed to access the service. But as the number of users skyrocketed, Dixons says, ad revenues grew rapidly.

Since then, several other stores, companies and organizations have started free Internet services. Customers sign up, register a credit card number for any on-line purchases they might want to make, and then call the provider's dedicated phone number.

Tesco PLC, a national grocery and discount chain, provides free service only to customers who hold a Tesco affinity card. But since the card is available to

## TECHNOLOGY INDEX

Technology stock indexes around the world:

North America	Tuesday close	Pct. change previous week	Pct. change, year to date
Pacific Stock Exchange	477.28	+6.25	
S&P Tech Composite	1,239.84	+6.13	
Europe			
Morgan Stanley Eurotec	652.40	+6.86	
Asia			
Topix Electric	1,566.41	+1.55	

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see TribTech on the IHT's World Wide Web site at <http://www.iht.com>. Articles include:

• Short on Money, a NASA Contractor Reaches Into a Museum to Replace Lost Booster Parts, Feb. 16

• Wind Up in Amsterdam, Feb. 12

• ETrade Inlandia Sold Stock Before System Failed, Feb. 12

• Web Ads Anger Internet Owners, Feb. 16

• Privacy and the Internet: A Trans-Atlantic Fault Line, Feb. 15

• German-Born Scientist Takes Helm at Telstra, Feb. 17

To reach TribTech editors or to comment on IHT tech coverage, send e-mail to [tribtech@iht.com](mailto:tribtech@iht.com), International Herald Tribune

anybody who wants one, this service, too, is basically free to all. The free-service systems plan to make their money mainly through advertising, but they also cash in on the complexity of the Internet. All offer telephone help lines for befuddled users, at rates of about \$1.40 per minute.

Although fee-based providers were holding their own for a while — evidently because consumers did not know

they could get a similar service free — the movement in Britain now seems to be strongly toward the no-fee providers.

The biggest breakthrough came last

week when British Telecommunications PLC renamed its BT Click Internet provider service to BT Clickfree and waived all access fees. John Swingewood, the phone giant's Internet director, said customers had demanded the change.

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week when British Telecommunications PLC renamed its BT Click Internet provider service to BT Clickfree and waived all access fees. John Swingewood, the phone giant's Internet director, said customers had demanded the change.

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Jobless Rate

Shortcuts

International Herald Tribune

## BUSINESS/FINANCE

THURSDAY, FEBRUARY 18, 1999

### U.S. Arms Makers Rely On Exports for Survival

Developing Countries Turn Into Major Market

By Tim Smart  
Washington Post Service

FORT WORTH, Texas — At a sprawling 710-acre manufacturing complex west of town, workers at Lockheed Martin Corp. produce the needle-nosed F-16 Fighting Falcon, a champion of the Gulf War that has become the best-selling jet fighter in the world.

Yet the United States plans to buy only one of the 1970s-vintage aircraft this year. This leaves Lockheed Martin, based in Bethesda, Maryland, and its 11,000 workers here dependent on other military forces around the world to keep the \$25 million F-16 in production.

Both the company and its workers are hoping that a \$5 billion order from the United Arab Emirates — announced with great fanfare during a visit last May by Vice President Al Gore — will keep the plant in business for another decade. But the order has been postponed while the UAE and the U.S. government haggle over the level of electronics technology in the plane, a delay that contributed to Lockheed's missing its 1998 earnings estimates.

The UAE deal and others like it illustrate problems with the defense industry's increasing reliance on for-

ign sales for its survival. Companies that once counted on a free-spending Pentagon for their livelihood now make do with procurement budgets that are half as big as they were at the height of the Cold War.

"Is the basis of our business going toward international sales?" Bill Anderson, a Lockheed Martin executive, asked. "The answer is yes. We're not embarrassed about that."

But this shift has brought its own set of problems to Lockheed Martin and rivals Boeing Co., whose F-15 fighter-bomber is dependent on foreign sales for its existence, and Raytheon Co.

The collapse of oil prices and the Asian financial crisis have left some of their

best customers — the petroleum sheikdoms of the Middle East and emerging military powers in Southeast Asia — strapped for cash at the moment the defense contractors need them most.

Since 1995, when President Bill Clinton approved a change in arms export policy to allow economic concerns to be given equal weight with national-security considerations in promoting arms sales, the U.S. defense industry has been on an export extravaganza.

With U.S. defense spending down

See ARMS, Page 12

### Buffeted by Economic Squalls, Airlines Slash North Atlantic Fares

By Edwin McDowell  
New York Times Service

NEW YORK — With international business travel weakening because of the economic slowdown overseas, and with more flights scheduled across the North Atlantic, most major airlines have aggressively cut fares from the United States to Europe, in many cases exceeding their previous winter sales.

Flights between New York and London are as little as \$228 plus tax round trip, for example, while San Francisco to Paris round trips can be gotten for \$348. The sharply discounted fares are being offered in dozens of American and European cities.

The number of destinations is indeed more extensive than ever, airline officials say, and the period for which the fares are

valid extends far beyond the few weeks typically available in winter sales.

"In 29 years with the company," said John Lampi, a spokesman for British Airways, "I've never seen fares so low so early as this year, or for travel so long into spring."

The driving force behind the discounting is overcapacity. Despite strong demand throughout most of last year, when many trans-Atlantic flights were added, the airlines now find themselves with too many seats to fill in the slow winter season.

"With all that capacity when business travel to Europe is declining, you can just about name your price," said Michael Boult, a vice president at Rosenbluth International, a U.S. travel management company.

And airlines for leisure travelers may

remain low, at least in the short term, as a result of the labor dispute between American Airlines and its pilots. After a weeklong disruption of its flights because of the pilots' protest action, some analysts expect American to introduce bargain fares on both international and domestic flights, to try to lure back passengers. American currently offers a range of discount fares, including a \$248 round trip from Chicago to Paris.

British Airways set off the latest round of discounting late last week offering fares as low as \$228 round trip to London from New York, Boston, Philadelphia or Newark, New Jersey, and by offering comparable fares from 18 other U.S. cities. A round-trip flight to London from San Francisco or Denver is \$328, while a round trip to London from Los Angeles, San Diego or Phoenix costs

\$358. Travelers have until Wednesday to buy these tickets, and they must depart by March 31 and return by April 30.

These fares apply to flights originating in the United States. While the aggressive price-cutting also benefits travelers starting their trips in Europe, the discounts are more spotty in this direction.

Mr. Lampi said, for instance, that British Airways was offering comparable reductions on flights originating in Europe. But on American, the lowest fare currently available for any Paris-New York round trip originating in Paris was 2,643 French francs (\$451) — nearly double the lowest fare in the opposite direction.

But for travel originating in America,

most U.S. airlines have matched British Airways or are offering somewhat similar bargains. United Airlines is offering such round-trip fares as New York to London for \$228, San Francisco to Paris for \$348 and Los Angeles to Amsterdam for \$398.

Discount fares at Continental Airlines include New York or Newark to Paris for \$248 and to Rome for \$298. Among the offerings by Delta Air Lines are flights from Los Angeles to Paris for \$358.

The tickets are not refundable, the prices do not include taxes and other restrictions apply.

See FARES, Page 12

### Jobless Rate Unchanged In Britain

By Staff Writers

LONDON — The unemployment rate was unchanged in January at 4.6 percent, the government reported Wednesday, but the number of registered jobless unexpectedly fell for the second month in a row, reducing the chances of an early interest-rate cut.

The decline in Britain's jobless rolls, which followed a revised drop of 13,800 in December, suggests that hiring in the services industries such as shops, hotels and restaurants and telecommunications had more than offset job losses in manufacturing and agriculture.

In January, the total number of people out of work and claiming benefits fell by 5,700, to 3.1 million, the lowest figure since June 1980, the Office of National Statistics said. Analysts had predicted a rise of about 5,000.

The unemployment rate for the 11 countries in the euro single-currency zone is 10.8 percent.

The report may prompt the Bank of England to break its five-month string of interest-rate reductions and keep its benchmark securities repurchase rate at 5.5 percent when it meets March 3, economists said.

"We had expected a further quarter-point off rates in March, but we have to say that it is probably off the cards now," said Mark Wall, an economist at Deutsche Morgan Grenfell. "Having unemployment fall for two months will cause some consternation at the Bank of England."

Philip Shaw at the Investec investment house said, "It's surprising to see the official data still pointing to the tightness of the labor market, with unemployment falling and employment still rising, particularly given the general conditions in the economy."

He said that if economic data continued to be strong, the central bank would probably refrain from reducing interest rates in March.

Unemployment in both Britain and Europe as a whole is expected to rise this year as a global economic slowdown takes hold. Economists in Britain have long predicted a deterioration in the labor market after six years of economic growth that have pushed down the unemployment rate from a peak of 10.5 percent in early 1993, after Britain's last recession.

(Bloomberg, AFP)



Lockheed's \$25 million F-16

The most versatile and affordable fighter in the world, according to arms experts. It has been the mainstay of the U.S. Air Force since the 1970s but now is the preferred choice of many nations, including Israel and Taiwan. It is currently being marketed to Poland and Greece.

Source: U.S. Air Force, Lockheed-Martin, Boeing, Raytheon

Often sold as part of an overall air defense system in packages worth up to \$1 billion.

The Washington Post

### Talks Continue as German Strike Nears

By John Schmid  
International Herald Tribune

FRANKFURT — German wage negotiators huddled late Wednesday in an 11-hour arbitration effort to avoid an economically crippling industrial strike.

IG Metall, the largest German labor union, warned that failure to reach a settlement Wednesday automatically would trigger a walkout to begin as early as March 1 in the southwestern state of Baden-Wuerttemberg, one of the nation's most vital industrial regions.

The union agreed to a final round of mediation in what it called the last chance for a peaceful resolution to the 1999 contract dispute, which will set wages for 3.4 million workers in the auto, metalworking, machinery and electrical industries.

Negotiators began marathon bargaining sessions early Tuesday, and a union spokesman late Wednesday said talks could go into the early morning hours. Negotiations might also continue Thursday if both sides see signs of progress.

The sides were far apart going into the talks Wednesday, despite repeated pleas from the government in Bonn to avoid a strike. Economists and business leaders warn that either a strike of an expensive settlement would cost jobs and reduce growth. The German economy already is cooling as business confidence has slumped and the global financial crisis has slowed the economy's main engine, exports.

Speaking during a break in the closed talks, Klaus Fritzsche, chief negotiator for the Gesamtmetall employers' federation, said, "Our positions are still very far apart."

IG Metall President Klaus Zwickel emerged briefly from the talks armchair and lamented that "the atmosphere inside has worsened."



Berthold Huber, left, a union representative, and Klaus Fritzsche, a negotiator for employers, shaking hands before wage talks Wednesday.

Both sides stalled on two points: the percentage increase in wages and the employers' proposal of a profit-linked bonus. On wages, the union is pushing for a 6.5 percent raise, its most aggressive bargaining stance since 1993. IG Metall has vowed to refuse any final package that offers less than 4 percent.

Employers, warning that anything over 3 percent would lead to layoffs, have offered only a 2.3 percent raise coupled with a one-time profit-linked bonus of half a percentage point for companies that can afford it.

The union vehemently opposes the bonus because it would weaken its authority. The unions see a two-tiered contract as a blow to Germany's time-honored practice of paying the same levels of wages across diverse sectors, regardless of differences in profitability and products. Employers would cele-

brate a flexible profit-linked contract to break the system of uniform national wages, that they argue hamstrings the labor market.

Throughout the talks, IG Metall has signaled its readiness to strike. One union member said Wednesday it had begun printing flyers for picket lines. The union reportedly has a strike war chest of 1 billion Deutsche marks (\$572 million), which would ensure it could withstand a lengthy lockout.

A strike in Baden-Wuerttemberg would cripple some 7,000 factories, including those of such blue-chip companies as DaimlerChrysler AG, Porsche AG and Robert Bosch GmbH and several plants belonging to Ford Motor Co. and Volkswagen AG.

To press its demands, the union has been holding protest stoppages across Germany since Jan. 29.

### CURRENCY RATES

#### Cross Rates

Feb. 17 Other Dollar Values

London (0) 2,3271 194,48 2,4504 10,8285 468,17 12,9715

New York (0) 1,6358 1,6211 118,905 1,4958 6,6795 286,72 7,904

Tokyo 112,35 193,86 83,12 79,03 17,86 N.G. 14,95

Toronto 1,4955 2,4447 1,0507 1,2558\* — 0,2261 0,522\* 0,1886

Dubai 1,4248 2,2399 — 1,1942 0,9506 27,5161 0,4975 0,1797

One euro 1,1253 0,8873 1,5973 133,48 1,688 7,4351 322,00 8,907

One SDR 1,2795 0,8436 1,9278 163,21 2,0685 9,1301 394,53 10,9097

Argent. peso 0,9290 1,0290 1,0290 1,0290 1,0290 1,0290

Australia 1,5220 1,5220 1,5220 1,5220 1,5220 1,5220

British pound 1,5200 1,5200 1,5200 1,5200 1,5200 1,5200

Canadian 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Chinese 0,4720 0,4720 0,4720 0,4720 0,4720 0,4720

French 0,6556 0,6556 0,6556 0,6556 0,6556 0,6556

German 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Italian 0,5725 0,5725 0,5725 0,5725 0,5725 0,5725

Japanese 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Korean 0,5725 0,5725 0,5725 0,5725 0,5725 0,5725

Malaysian 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Mexican 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Swiss 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Spanish 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Turkish 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

U.S. dollar 1,0000 1,0000 1,0000 1,0000 1,0000 1,0000

Yuan 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

Other 0,7254 0,7254 0,7254 0,7254 0,7254 0,7254

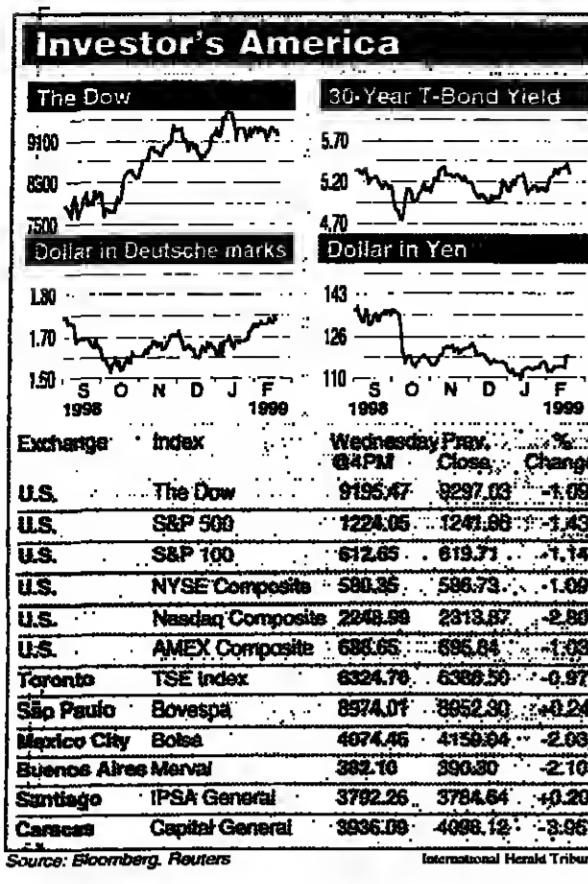
Source: Associated Press

Note: EMU rates are permanently fixed.

\*To buy one pound. \*\*To buy one euro.

Source: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Bureau de Change (London); Standard & Poor's (New York); Commerzbank (Frankfurt); Deutsche Bank (Frankfurt); Dresdner Bank (Frankfurt); HypoVereinsbank (Munich); KfW (Frankfurt); Landesbank Baden-Wuerttemberg (Stuttgart); Landesbank Hessen-Thüringen (Frankfurt); Landesbank Nordhessen (Kassel); Landesbank Rheinland-Pfalz (Mainz); Landesbank Württemberg (Stuttgart); Raiffeisenbank (Frankfurt); Volksbank (Frankfurt); WestLB (Düsseldorf); Commerzbank (Frankfurt); Dresdner Bank (Frankfurt); Deutsche Bank (Frankfurt); HypoVereinsbank (Munich); KfW (Frankfurt); Landesbank Baden-Wuerttemberg (Stuttgart); Landesbank Hessen-Thüringen (Frankfurt); Landesbank Nordhessen (Kassel); Landesbank Rheinland-Pfalz (Mainz); Landesbank Württemberg (Stuttgart); Raiffeisenbank (Frankfurt); Volksbank (Frankfurt); WestLB (Düsseldorf); Commerzbank (Frankfurt); Dresdner Bank (Frankfurt); Deutsche Bank (Frankfurt); HypoVereinsbank (Munich); KfW (Frankfurt); Landesbank Baden-Wuerttemberg (Stuttgart); Landesbank Hessen-Thüringen (Frankfurt); Landesbank Nordhessen (Kassel); Landesbank Rheinland-Pfalz (Mainz); Landesbank Württemberg (Stuttgart); Raiffeisenbank (Frankfurt); Volksbank (Frankfurt); WestLB (Düsseldorf); Commerzbank (Frankfurt); Dresdner Bank (Frankfurt); Deutsche Bank (Frankfurt); HypoVereins

## THE AMERICAS



Source: Bloomberg, Reuters

## Euro Gains On Dollar

## Disappointment From Dell Drags Stocks Down

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar fell against the euro for the first time in three days Wednesday after the European Central Bank said interest rates were already low enough to stimulate growth, squelching speculation it might cut lending rates.

In a monthly report, the bank reiterated policymakers' comments,

## FOREIGN EXCHANGE

saying its current 3 percent benchmark rate would sustain growth and employment in the 11 euro nations.

"On a one-year horizon, I would own the euro over all other major currencies," said Wesley Paul, global head of currencies at J. P. Morgan Investment Management.

While forecasting that European interest rates will fall this year, he said the euro region would "generate the strongest growth in 2000," outpacing the United States and leading to a "materially stronger" euro next year.

The euro rose to \$1.1240 in 4 P.M. trading from \$1.1203 at the end of trading Tuesday as investors predicted the ECB would keep rates steady after its meeting Thursday.

The dollar extended its gains against the yen a day after Japanese officials said they welcomed the decline in the yen that followed by a Japanese rate cut last week.

The dollar rose to 118.905 yen from 118.645 yen but fell to 1.4205 Swiss francs from 1.4258 francs. The pound inched up to \$1.6345 from \$1.6342.

• Great Lakes Chemical Corp. shares rose 13 percent after Warren Buffett's Berkshire Hathaway Inc. bought a 6.8 percent stake in the maker of flame-retardant chemicals.

• Chase Manhattan Corp. said it would be willing to merge with a large investment bank or consumer bank; but Walter Shieley, the bank's chairman, and Marc Shapiro, a vice chairman, said Chase would consider a merger only if it did not have to pay a large premium and if the other company agreed to integrate under one name.

Bloomberg, AP, NYT

## Very briefly:

- Trans World Airlines Inc. had a loss of \$79.1 million in the fourth quarter, hurt by charges related to cutting overhead costs and upgrading its fleet; the airline plans to cut 1,000 jobs this year, or about 4.7 percent of its workforce.
- Scana Corp., which owns South Carolina Electric & Gas Co., agreed to buy Public Service Co. of North Carolina for \$900 million in stock, cash and assumed debt.
- Evercore Capital Partners LLC, a New York-based investment firm, acquired The National Enquirer and Star magazine from American Media Inc. for \$294 million.
- Great Lakes Chemical Corp. shares rose 13 percent after Warren Buffett's Berkshire Hathaway Inc. bought a 6.8 percent stake in the maker of flame-retardant chemicals.
- Chase Manhattan Corp. said it would be willing to merge with a large investment bank or consumer bank; but Walter Shieley, the bank's chairman, and Marc Shapiro, a vice chairman, said Chase would consider a merger only if it did not have to pay a large premium and if the other company agreed to integrate under one name.

## Heinz to Cut at Least 3,000 Jobs

Compiled by Our Staff From Dispatches

**PITTSBURGH** — H.J. Heinz Co. said Wednesday that it planned to eliminate 3,000 to 4,000 jobs during the next four years, sell its Weight Watchers classroom business and close some factories to increase profit.

Heinz plans to concentrate on its food products, including Heinz ketchup and Ore-Ida potatoes. The company added that it would keep the Weight Watchers frozen food line even though it was selling the diet classes.

The plan aims to generate more than \$2.5 billion over four years to reinvest in Heinz brands, and \$100 million to market products in other countries. Heinz has 100 factories and 40,500 employees worldwide.

(AP, Bridge News)

## U. S. STOCK MARKET DIARY

Wednesday, Feb. 17												
Indexes						Most Actives						
Open	High	Low	Last	Chg.	C%	Open	High	Low	Last	Chg.	C%	
Dow Jones	10,000	9,985	9,975	-100	-1.0%	Computer	1,232	1,232	1,232	1,232	0	-0.0%
Standard & Poor's	1,482.31	1,492.31	1,479.47	+13.07	+0.9%	Verizon	1,019.83	1,019.83	1,019.83	1,019.83	0	-0.0%
NYSE	1,042.31	1,042.31	1,042.31	+1.30	+0.1%	Merck	1,012.14	1,012.14	1,012.14	1,012.14	0	-0.0%
AMEX	1,042.31	1,042.31	1,042.31	+1.30	+0.1%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Industry	1,581.71	1,590.94	1,582.26	+1.24	+0.8%	Bank of America	1,045.00	1,045.00	1,045.00	1,045.00	0	-0.0%
Transportation	1,485.43	1,495.76	1,473.44	+1.27	+0.8%	United Parcel Service	1,572.00	1,572.00	1,572.00	1,572.00	0	-0.0%
Finance	1,305.71	1,317.27	1,305.71	+1.50	+1.1%	Bank of America	1,572.00	1,572.00	1,572.00	1,572.00	0	-0.0%
SP 500	1,212.11	1,212.11	1,212.11	+0.57	+0.5%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
100 Stocks	1,085.00	1,087.00	1,085.00	+1.00	+0.9%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
100 Bonds	1,085.00	1,087.00	1,085.00	+1.00	+0.9%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
100 Stocks + Bonds	1,085.00	1,087.00	1,085.00	+1.00	+0.9%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Nasdaq	595.94	597.73	595.85	+0.85	+1.4%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
Composite	595.94	597.73	595.85	+0.85	+1.4%	Microsoft	1,244.98	1,244.98	1,244.98	1,244.98	0	-0.0%
Industrial	595.94	597.73	595.85	+0.85	+1.4%	Intel	1,244.98	1,244.98	1,244.98	1,244.98	0	-0.0%
Transport	595.94	597.73	595.85	+0.85	+1.4%	Merck	1,012.14	1,012.14	1,012.14	1,012.14	0	-0.0%
Finance	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Services	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
AMEX	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Dow Jones Bond	105.71	107.73	105.85	+1.05	+1.0%	SPDR	746.00	746.00	746.00	746.00	0	-0.0%
Corporate Bonds	105.71	107.73	105.85	+1.05	+1.0%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Standard & Poor's Bonds	105.71	107.73	105.85	+1.05	+1.0%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Nasdaq	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Composite	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Industrial	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Transport	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Finance	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Services	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
AMEX	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
Trading Activity	595.94	597.73	595.85	+0.85	+1.4%	AT&T	1,059.00	1,059.00	1,059.00	1,059.00	0	-0.0%
NYSE	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
Composite	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
Industry	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
Transportation	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
Finance	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
Services	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
AMEX	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
Dividends	1,042.31	1,042.31	1,042.31	+1.30	+1.1%	Nasdaq	1,119.00	1,119.00	1,119.00	1,119.00	0	-0.0%
NYSE	1,042.31	1,042.31	1,042.31	+1.30	+1.1%</td							

Stocks Down

## Cost-Cutting BP Amoco to Drop More Workers

Compiled by Our Staff From Dispatches

LONDON — BP Amoco PLC, the oil giant formed in a trans-Atlantic acquisition, said Wednesday that it would accelerate its cost-cutting plan and dismiss more workers after a prolonged slump in oil prices led to a 37 percent drop in fourth-quarter profit.

The company said profit from operations fell to \$875 million from \$1.38 billion a year earlier.

John Browne, chief executive, said BP Amoco planned to cut 10,000 jobs, 3,000 more than announced in August.

"Downsizing is difficult," he said. "But I hope and believe the process is being managed faithfully and fairly."

Mr. Browne said the company also would achieve its goal of saving \$2 billion annually from the combination of the companies in one

year instead of two. As a result, BP Amoco will take \$1.5 billion in charges in the next year instead of over two years.

"They have no choice — it's a tough environment out there," said Mark Horn, an analyst at T. Hoenre & Co. "Earnings will fall further this year because of the oil price," which is hovering near a 12-year low.

BP Amoco shares closed down 16.5 percent, at \$40.

BP Amoco suffered less than its larger rival, Royal Dutch/Shell Group, because of cost-cutting measures from years past and a stronger reliance on the European refining business, where margins improved.

Shell last week posted a 53 percent drop in fourth-quarter profit after initiating a program to save \$2.5 billion by 2001.

In fact, some analysts said the BP Amoco earnings were surprisingly

strong. "These figures are fine," said John Toalster of SG Securities. "They are one of the best set of results in the industry, even compared to Exxon."

BP Amoco said it had already achieved cost cuts and production increases that added \$500 million to profit last year and that \$400 million more in profit enhancement was planned for 1999, in addition to the streamlining related to the combination of companies.

Oil companies around the globe are suffering from a 38 percent plunge in the price of crude oil. Benchmark Brent crude averaged \$1.75 a barrel during the fourth quarter of 1998, down from \$19.02 a barrel the previous year.

Mr. Browne said oil prices were likely to trade between \$11 and \$17 barrel for the foreseeable future

and that BP Amoco was planning for Brent crude oil to average \$11 a barrel this year.

"We don't believe that anything much below \$11 is sustainable for very long because the fundamentals of supply and demand would be disrupted by a lack of investment," Mr. Browne said. "But it's equally hard to see a rapid rebound of prices from current levels because of the extent of stocks."

At BP Amoco, operating profit in the oil exploration and production unit fell to \$420 million from \$1.70 billion. In refining, profit rose to \$506 million from \$423 million. Chemicals profit fell to \$125 million from \$133 million in the quarter.

BP Amoco said it had one-time charges of \$351 million, mainly to write down part of the \$750 million it invested in the troubled AO Sidoarjo of Russia. (Bloomberg, Reuters)

## EU Executive Will Sit Out G-7 Meeting

Reuters

BRUSSELS — The European Union monetary affairs commissioner, Yves-Thibault de Silguy, said Wednesday that the EU Commission would not take part in a meeting of Group of Seven finance ministers in Bonn this weekend.

Mr. de Silguy said the decision had been prompted by a dispute over how the 11-country euro zone would be represented at G-7 meetings.

"No commission staff will participate," he said.

The commission considers the representation of the euro zone is not being respected according to the agreement reached by heads of state and government.

European Union leaders agreed in December that the euro zone should be represented by three permanent G-7 members — France, Germany and Italy — as well as an EU Commission representative, a European Central Bank member and the chairman of the group of finance ministers from the 11 countries that have adopted the euro currency.

Mr. de Silguy said the EU executive had decided to skip the weekend meeting after being told by "third parties" that it should send only lower-level officials to the meeting as part of Germany's delegation. Germany currently holds both the EU and G-7 presidencies.

"It is not for third parties to tell us who participates," he said.

He did not make it clear to whom he was referring, but he said later he was "surprised by the reticence of certain partners of the European Union to see the euro zone represented." Both the United States and Japan have made clear they were unhappy at the prospect of the commission taking part in the G-7.

## ■ Bonn Warns on Growth

Germany's undersecretary of finance, Heiner Flassbeck, warned that the current pace of economic growth in the United States would not continue and urged EU countries to strengthen demand to offset slowing global growth. Bloomberg News reported.

"It would be fatal for Europe if that American bubble burst," he told the European Parliament's monetary affairs subcommittee.

Mr. Flassbeck also said he was not concerned about the euro's recent decline against the dollar.

Given the difference in interest rates between the U.S. and Europe, "a slight weakness of the euro is entirely normal," he said.



## Very briefly:

• Electra Investment Trust PLC, a British leveraged buyout fund that rebuffed a £1 billion (\$1.8 billion) takeover bid by 3i Group PLC in January, is considering buying back up to 40 percent of its stock as a precursor to liquidating its assets if no one offers to buy the company for an acceptable price.

• WPP Group PLC posted a 20 percent rise in full-year profit to £212.8 million. The owner of the ad agencies Ogilvy & Mather and J. Walter Thompson Co. predicted strong growth this year despite economic turmoil in Asia and Latin America.

• Saga Petroleum ASA swung to a big loss in 1998 and announced a "radical restructuring" including staff cuts to fight low oil prices. Battered by a 30 percent plunge in oil prices, the largest listed Norwegian oil company reported a net loss of 1.26 billion kroner (\$163.5 million) against a profit of 1.22 billion kroner in 1997.

• Christiania Bank ASA, Norway's second-largest bank, said 1998 net income unexpectedly rose 1 percent to 2.24 billion kroner as income from lending rose.

• AB NCC, a Swedish construction company, said it was buying Superfos Construction AS of Denmark for 1.4 billion Swedish kronor (\$176.7 million), creating a Nordic leader in the sector.

• AB Scania's fourth-quarter net profit rose 7 percent, to 670 million kronor, as robust demand for trucks in Europe out-weighed a slump in Brazil, the Swedish truckmaker's largest national market.

• Airbus Industrie plans to delay again the introduction of a 600-seat superjumbo jet because the European planemaker does not expect enough demand for the passenger plane before 2005.

• Allied Irish Banks PLC's 1998 pretax profit rose 42 percent, to 826 million pounds (\$1.17 billion). The biggest Irish bank said it was looking forward to further growth despite signs of slowdown in several of its key markets.

• France's trade surplus unexpectedly widened 7.5 percent, to 17.2 billion francs (\$2.9 billion) in December as imports of metal machinery components fell, indicating a slowdown in economic activity, while exports of passenger airliners remained strong.

Bloomberg, Reuters

## Special Payout EU Confirms End of Duty-Free Sales Inflates Profit At Deutsche

Bridge News

FRANKFURT — Deutsche Bank AG said Wednesday that its pretax profit nearly quadrupled in 1998, but the bank, Germany's largest lender, conceded that operating earnings were flat.

Deutsche said pretax profit soared to 7.9 billion Deutsche marks (\$4.5 billion) in 1998 from 2.0 billion DM a year earlier.

But a special dividend paid out by Daimler-Benz AG in connection with its merger into Daimler-Chrysler AG accounted for 3.2 billion DM of that rise. Deutsche owned almost 25 percent of Daimler's equity.

The bank said operating profit, excluding the special dividend and expenses for the conversion to the euro and the preparation of computer systems for the year 2000, was steady from a year earlier.

Shares in Deutsche Bank fell 40 cents to 47.95 euros (\$53.70).

The statement made no reference to a planned takeover of Bankers Trust Corp. of the United States or to settlements of compensation claims by Holocaust victims. The bank is still aiming for a second-quarter closing of the takeover, but Chief Executive Rolf Breuer has warned that Deutsche may have to call off the plan if delays make it economically unattractive. Deutsche is to release its full-year figures March 18.

losses would be temporary, limited to specific sectors and more than offset by the creation of jobs elsewhere in duty-paid retailing. It is estimated that EU governments currently lose more than 1 billion euros (\$1.12 billion) a year in revenue as a result of duty-free sales.

The commission's stance represents a rebuff for Britain, France and Germany, which have lobbied hard for duty-free for a reprieve because of concern about job losses and a backlash from the public.

Opponents of the ban say ending duty-free shopping could eliminate 50,000 jobs and force up airline ticket prices by 30 percent, as airlines often share in the revenue from sales.

The report concluded that job

losses would be temporary, limited to specific sectors and more than offset by the creation of jobs elsewhere in duty-paid retailing. It is estimated that EU governments currently lose more than 1 billion euros (\$1.12 billion) a year in revenue as a result of duty-free sales.

The commission said it would examine the possibility of developing a special financial program to tackle specific problems linked to abolition.

The report slams the duty-free industry for its failure to prepare for abolition. Turnover in the sector increased by 60 percent in the five years following the decision to abolish the system.

The decision to abolish duty-free on June 30 was taken unanimously by EU governments in 1991.

## As Profit Falls, Zeneca Reaffirms Merger

Reuters

LONDON — Zeneca Group PLC said Wednesday that pretax profit slipped 2 percent in 1998, to £1.06 billion (\$1.73 billion) as sales rose 6 percent, to £5.51 billion.

The British drugs and agrochemicals company brushed aside concerns that its planned merger with AB Astra of Sweden could be snagged by concerns over competition as it announced what should be its final set of results as an independent company.

"We are confident that the AstraZeneca merger is likely to receive competition approval in a reasonable short time scale," said Sir David Barnes, chief executive. "The answer is that continues to be our view."

Zeneca shares fell 19 pence to £25.80.

On Tuesday, Astra announced that its pretax profit, including one-time items, rose 15 percent in 1998 to 16.44 billion Swedish kronor (\$2.08 billion) including exceptional items.

Zeneca said that pro-forma figures for the combined company showed that pretax profit climbed 1 percent to \$3.46 billion on a 9 percent increase in sales to \$17.23 billion. Combined pharmaceuticals re-

search and development spending was up 12 percent to \$2.18 billion.

AstraZeneca will have its corporate headquarters in London, research headquarters in Sweden and will report its results in dollars.

Sir David said he was confident that the merger would be completed in the second quarter of the year, despite concerns expressed by competition authorities in Europe and the United States.

On Tuesday, the European competition commissioner, Karel Van Miert, said the two companies had not addressed European Union concerns about the deal.

## WORLD STOCK MARKETS

Wednesday, Feb. 17

Prices in local currencies. In euros for EU countries. Telekurs

High Low Close Prev.

Amsterdam AEX Index: 514.15

Previous: 512.84

Copenhagen Stock Index: 488.89

Previous: 488.83

Frankfurt DAX: 5,074.44

Previous: 5,074.44

London FTSE 100: 677.45

Previous: 677.45

Madrid IBEX: 3,094.44

Previous: 3,094.44

Milan MIB: 1,670.00

Previous: 1,670.00

Paris CAC 40: 3,492.38

Previous: 3,492.38

Stockholm OMX: 1,042.35

Previous: 1,042.35

Vienna ATX: 1,137.14

Previous: 1,137.14

BANGKOK SET Index: 282.44

Previous: 282.44

Athens Composite: 2,074.44

Previous: 2,074.44

Copenhagen Bors: 2,074.44

Previous: 2,074.44

Frankfurt DAX: 5,074.44

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Previous: 3,492.38

Stockholm OMX: 1,042.35

Previous: 1,042.35

Vienna ATX: 1,137.14

Previous: 1,137.14

BOMBAY BSE: 2,271.42

Previous: 2,271.42

Delhi NSE: 1,425.00

Previous: 1,425.00

Mumbai NSE: 1,425.00

Previous: 1,425.00

Chennai NSE: 1,425.00

Previous: 1,425.00

BANGKOK SET Index: 282.44

Previous: 282.44

Athens Composite: 2,074.44

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Previous: 2,074.44

Frankfurt DAX: 5,074.44

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London FTSE 100: 677.45

Previous: 677.45

Milan MIB: 1,670.00

**Wednesday's 3:45 P.M.**

The 2,300 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.  
The Associated Press.

The Associated Press.

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**Continued on Page 15**

**NASDAQ**

**Wednesday's 3:45 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

NYSE

**Wednesday's 3:45 P.M.  
(Continued)**

**AMEX**

Wednesday's 3:45 P.M.  
The 150 most traded stocks of the day.

## MARKETS: As Financial Shock Reverbates Around the World, the U.S. Appears Immune, but Can It Continue to Avoid Infection?

Continued from Page 1

is a reflection of slowing economic activity," said Henry Kaufman, a Wall Street economist who runs his own consulting company. "We have to consider whether there is more to come. Developing countries are still coming to grips with a slowdown in the global economy. If the economic revival in Europe is subdued and the American economy slows down, that is bound to put some pressure on other parts of the world."

The message from Washington during these upheavals strikes some foreigners as hypocritical. When Thailand and Brazil were hit, the Clinton administration's message was firm: raise interest rates, cut government spending, put up with a recession if necessary, allow banks to fail, be stoical.

Yet in September, when the crisis seemed as if it might strike the United States, the administration had a change of heart. President Bill Clinton went into overdrive, welcoming three interest rate cuts by the Fed, pressuring Europe and others to cut rates as well and finally getting Congress to appropriate money for the International Monetary Fund. The Fed even coordinated the rescue of Long-Term Capital Management, a hedge fund backed by wealthy investors.

The rate cuts were precisely the opposite of the prescription that the United States had handed out to everyone else. And these days, there is a lurking fear in Washington that these countermeasures may have worked too well — creating a false sense of security.

At the Treasury Department and the Fed, officials were concerned to see that their actions seemed to have moved millions of investors from an excess of fear to a new spasm of exuberance, sending the stock market to new highs.

Officials say they worry that the eventual fall, if there is one, may be that much steeper.

For all the condemnation of cronyism and mismanagement abroad, there are signs in America and Europe of some of the vulnerabilities that brought down Asia.

The crisis abroad was partly a consequence of success: Soaring growth rates led to excess confidence, excess borrowing, excess investment and excess capacity.

Not everyone agrees, but some economists see similar patterns in corporate giants like USX, the steel company, and even on farms like the one Mr. Burrus runs.

When pig prices were 80 cents a pound of live weight, Mr. Burrus borrowed from the banks to build new barns. In fact, he just completed his latest barn a few months ago. But the high prices were also driving every other hog farmer in the world to increase production as well, and in hindsight it was a pig bubble that burst.

Now Mr. Burrus is getting 17 cents a pound for his pigs, even though his costs are running 38 cents a pound. Bankers in Centralia are nervously

eying hog farms the way bankers in Rio de Janeiro are anxiously examining coffee plantations.

### One of Indonesia's Worst-Off

In the remote Indonesian town of Mojokerto, Salamet, a rickshaw driver, is in mourning.

Mr. Salamet was outside trying to get rides one afternoon recently when his mother finally died in her sleep on the floor of his little house.

It was a relief, for she had groaned piteously from the pain of breast cancer, and he had been unable to afford painkillers. Yet Mr. Salamet now found himself faced with another bill he could not pay: the \$28 for the coffin and burial.

In the end, neighbors stepped in to lend him the money. But custom dictates that a bereaved son not leave the neighborhood for 40 days. This made it more difficult than ever to find the rickshaw rides that would buy food for his three hungry children and pay the fees to keep his eldest son, Dwi, in the second grade.

Yet to keep his situation in perspective, Mr. Salamet is in the worst-off group — the urban poor — in the worst-off country of all, Indonesia, and even he is managing to get by.

In Mr. Salamet's neighborhood, no one thinks that the quality of life has retreated even to the level of 1990.

Asked about how much the depression had pushed his life backward, Mr. Salamet, who like many Indonesians uses only one name, described the positive changes over the last decade, and emphasized that these have been enduring.

"The biggest change was electricity, which came about six years ago," he reflected. "It cheers us all up, and at night there's light. And then there's also television now as well."

"The second-biggest change is that the roads here got paved. It used to be that in the rainy season, everything got so muddy you couldn't go anywhere. But now we can get around in all seasons, and I can drive the rickshaw and earn a living even after it's rained."

"The third change is the toilets," he concluded. "They were built four years ago. Until then everybody just used the river, but that was a problem at night. It was far away, and there were snakes that used to bite people."

These kinds of gains are still fragile, particularly in places like Indonesia, China and Russia, where there are serious risks of political instability. But for now at least, they have not come close to being undone.

More broadly, the striking thing about the economic news from Asia these days is that so much of it is good. A year and a half after the Asian crisis began, countries like Thailand and South Korea are showing signs of bottoming out. Asia's currencies have recovered sharply, with a dollar now buying about 9,000 Indonesian rupiah, compared with 16,650 rupiah in June — but 2,500 rupiah before the crisis.



Photo by Jason Szenes for The New York Times

Life is harsher for Salamet, an Indonesian rickshaw driver, since the economic crisis, but he said it's still better than a decade ago.

Interest rates have fallen as well, and this has bolstered the stock markets. They remain far, far below their pre-crisis levels, but Asian stock markets were some of the best performing in the world last year. The Seoul exchange rose 121 percent in dollar terms in 1998, and Bangkok's was up 34 percent — both from abysmal lows.

If countries like South Korea and Thailand really restructure their economies in fundamental ways — which so far has not happened, despite a lot of promising talk — then it is possible that they will emerge much stronger from the crisis, with better banking systems, more open economies, stronger legal systems and more democratic political structures. President Kim Dae Jung of South Korea argues that the crisis will be remembered as a blessing, because it is forcing essential economic changes.

"I believe that having to restructure our economy under the agreement of the IMF is ultimately a big help for our economy," Mr. Kim said.

Whether the recovery is slow or rapid, the emerging markets eventually are expected to regain their pulse. Although they make up just 7 percent of the global value of stocks around the world, emerging markets account for 70 percent of the world's land, 85 percent of the world's population and 99 percent of the anticipated growth in the world's labor force.

### The Sandwich Man in Bangkok

Sirivat Voravetvithikan offers a hopeful im-

age of Asia's future, one in which Asians manage to rebuild their lives in new ways and thus achieve greater prosperity.

Mr. Sirivat, 50, an ethnic Chinese Thai businessman who went to high school and college in Texas, was a successful investment manager and property developer in Bangkok. With his brother, he built 28 lavish homes in the middle of a vast golf resort, with no luxury spared, from the swimming pools to the landscaping beneath mango trees and coconut palms.

The development cost \$1.2 million, \$10 million of it borrowed from banks and much of the rest from Mr. Sirivat's savings. It is in a lovely spot, nestled among the hills 185 kilometers northeast of Bangkok, but just as it was being completed, the property market collapsed. Now the homes are empty and the main pool is green with algae.

The homes did not sell, and interest costs soared. Banks pressed him for payment, and Mr. Sirivat could not meet the payroll for his staff. He and his brother began quarreling.

That was when Mr. Sirivat, like thousands of other businessmen around Asia, decided to start again. Drawing on his years in the United States, he decided to become a sandwich peddler. Sandwiches are not a customary food in Thailand, so Mr. Sirivat decided it would be a good market niche in a country whose young people are increasingly experimental about foreign foods.

"My wife started by making 20 sandwiches," Mr. Sirivat said. "I told my staff we had to sell them on the street. I remembered people in the States selling popcorn, carrying bags of it, and I thought, 'We'll try this. It's illegal to have pushcarts or to set up a table on the sidewalk, but I thought it would be O.K. if we just carried the sandwiches in a box.'"

Mr. Sirivat's business — now known as Sirivat Sandwiches — is thriving, and he is running a nice profit. The first 20 sandwiches took six hours to sell, but now daily sales have reached 550 sandwiches. Mr. Sirivat has rented another building in Bangkok to make sandwiches and to experiment with new varieties. He aims to emerge as the sandwich king of Thailand.

"This is going to be big," he boasted, adding that he was trying to build a strong brand name and ultimately hoped to list Sirivat Sandwiches on the Thai stock exchange.

### A Backlash Against Capitalism

In assaying what comes next, some of the most fundamental concerns are not economic but social and political.

A growing backlash is evident against Western capitalism, and especially against the Americans who exemplify it. This is most apparent in countries like Russia, which has already defaulted on its debts, but it is found even in Japan, where politicians heap abuse on what they call Anglo-Saxon capitalism, deriding its ferocity and lack of civility.

In a rebellion against the American-led drive for free markets, the finance ministers of the second- and third-largest industrial countries, Japan and Germany, have both spoken about the need for tighter controls on currency movements. And late last year, a three-year-old international effort to achieve a Multilateral Agreement on Investments — which would have promoted globalization and cross-border investments — collapsed after France, applauded by Australia and Canada, backed out of the talks. All three countries worried about surrendering power to foreign companies and open markets.

Malaysia, once a darling of international investors, went the furthest in thumbing its nose at the markets. Prime Minister Mahathir bin Mohamad has denounced Jews and the West for conspiring against him and has warned that people in the developing world will stage "a kind of guerrilla war" against Western corporations that buy overseas companies at depressed prices.

Despite warnings from the West, Malaysia adopted capital controls Sept. 1. The controls, which are now being relaxed, seemed to help. The currency stabilized, the stock market more than doubled and foreign exchange reserves rose sharply. Moreover, with interest rates of just 7 percent (compared with 38 percent in Indonesia), Malaysia is expected to eke out a bit of economic growth this year — even as a continued decline is expected for Indonesia. Western officials worry that other countries may adopt Malaysia's methods.

Less dramatic capital controls, like Chile's system to encourage long-term inflows rather than short-term ones, now are widely praised. Chile dismantled them late last year — because at the moment there is no problem with excess capital inflows — but those controls may become a model for other developing countries.

One of the greatest worries in the West is about the future of Russia. The stock market there plunged 84 percent last year in dollar terms. President Boris Yeltsin, once seen as President Clinton's ally and the man who would tag Russia toward the West, has now faded into the background with reforms.

Oleg Sysynev, a top aide to Mr. Yeltsin, sat in his immense office in the old Central Committee Headquarters one day recently and said that reforms very likely were dead for the next five years in Russia. He added that unless the IMF gave in and offered Russia major support, there were only two scenarios for the country.

The first, Mr. Sysynev said, as he chain-smoked Marlboro Lights, is ruthless budget-cutting, which might lead voters to choose old-style, totalitarian candidates in the parliamentary elections in 1999 and the presidential elections in 2000.

The second, he went on, is hyperinflation. "This scenario — not as fast — may lead to the same consequences," he said.

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## After Losses, Executive Shake-Up Looms at NEC Japan Firms Reject Claim Of Dumping

By Stephanie Strom  
New York Times Service

**TOKYO** — NEC Corp., the world's second-largest maker of computer chips, is poised for a further boardroom shakeout less than four months after the company sent its prominent chairman packing in the wake of a military-procurement scandal.

The company refused to comment on reports in three Japanese newspapers Wednesday that Hisashi Kaneko, NEC's president, was on his way out as the company prepared to announce losses of more than 100 billion yen (\$839.4 million).

But NEC did little to quell speculation that change was afoot in the executive suite.

Koji Nishigaki, the executive

vice president in charge of selling the company's computer-systems integration business, was cited as Mr. Kaneko's likely successor.

But analysts were more excited by the prospect that Hajime Sasaki, the executive vice president in charge of NEC's semiconductor operations who is popular among foreign investors, would take the chairman's seat, which has been vacant since Tadahiro Sekimoto resigned last October.

Mr. Sekimoto invested the chairman's position, typically a largely ceremonial role here while decision-making power resides with the president, with great clout, a tradition that would be likely to continue under Mr. Sasaki.

Mr. Sasaki ran NEC's U.S. operations and is considered attuned to

the international demands of the business, including the importance of capital costs and strategic planning, concepts that are not always foremost among Japanese executives.

As head of the embattled semiconductor business, a business that has been roiled around the world by falling chip prices, Mr. Sasaki has won praise for containing a potential disaster. While NEC has also lost money on its semiconductor operations, the scale of the losses are smaller than those of competitors.

The company also said Wednesday it would release a revised estimate of its loss for the current financial year, which ends March 31. In October, NEC forecast a loss of 35 billion yen. Meanwhile, Moody's Investors Service Inc. said it had placed NEC's long-term debt

ratings on review for a possible downgrading.

Unlike competitors such as Toshiba Corp. and Hitachi Ltd., NEC has yet to announce plans to overhaul its business, but analysts are increasingly confident that it has a restructuring program up its sleeve.

"They are talking about restructuring in a way that, in my experience, is quite new for NEC," said Scott Foster, a high-tech industry analyst at ING Barings in Tokyo, who had meetings with several top NEC officials last week.

The company has the weakest balance sheet of any of Japan's diversified high-tech giants, with its net debt, or liabilities that would be left over if the company spent all its available cash to retire debt, equal to 187 percent of its equity.

### Bank of Japan Errs on Report

Reuters

**TOKYO** — The Bank of Japan, whose policy statements are seldom models of clarity, sowed confusion Wednesday when it released and then retracted a draft version of minutes from a meeting of its key Policy Board.

About an hour and a half after news agencies sent a string of news flashes on what supposedly happened at the board's Dec. 15 meeting, embarrassed Bank of Japan officials said the minutes were a draft not meant for release.

The bank deleted the item from its Internet Web site and officials sought to collect printed versions from reporters.

"It's a simple human error," a bank official told reporters.

The final version contained numerous changes of wording and order of presentation but altered little of substance from the originally released report. A mention of a member having talked about the potential problems posed by rising yields in the Japanese bond market was deleted in the revised minutes.

### Softbank Trims Its Stake in Yahoo!

Bloomberg News

**TOKYO** — Softbank Corp., a leading Japanese software distributor and a shareholder in dozens of Internet ventures, said Wednesday that it had sold a \$410 million stake in Yahoo! Inc. to finance new investments.

Softbank's U.S. holding company sold 3 million shares in Yahoo!, the world's most-visited Internet directory, reducing its stake to 28 percent from 30 percent and recording a capital gain of \$390 million.

The one-time gain will pull Softbank from a deficit in the year ending in March, tripling its group profit to 32 billion yen (\$275 million).

The company, which has accumulated several billion dollars in paper gains on a series of early investments in Yahoo! and other fast-growing Internet services, said it planned to set up a new fund to add other on-line ventures to its portfolio.

"They've already won on their bet on Yahoo!, so lowering their stake to a lower elsewhere is probably the right move," said Satoshi Hirachi, a software industry analyst at Nomura Securities Co. in Tokyo.

"They certainly have a lot of debt to service, and that may have left them with no choice but to sell some

of their stake in Yahoo!," said Yoshiro Inamura, a portfolio manager at Tokyo-Mitsubishi Asset Management Ltd.

The rising value of Softbank's Internet portfolio has pushed the company's own stock up by 80 percent in the last 12 months and helped it to pay for stakes in an ever-lengthening list of on-line ventures. Softbank shares ended trading Wednesday at 7,980 yen, down 150.

As of last month, the company had it paper gains of almost \$11.9 billion on investments in seven U.S. and two Japanese Internet companies.

Though it remains Yahoo!'s largest shareholder, Softbank's sales risks the risk of cooling investors' enthusiasm for Internet ventures, especially with many industry watchers warning that such stocks are currently overvalued.

Yahoo!'s shares, which have increased in value more than eight-fold in the last 12 months, tumbled 11.67 percent Tuesday in their highest percentage fall since Oct. 1.

In Wednesday afternoon trading, Yahoo! was \$5 higher at \$138.375.

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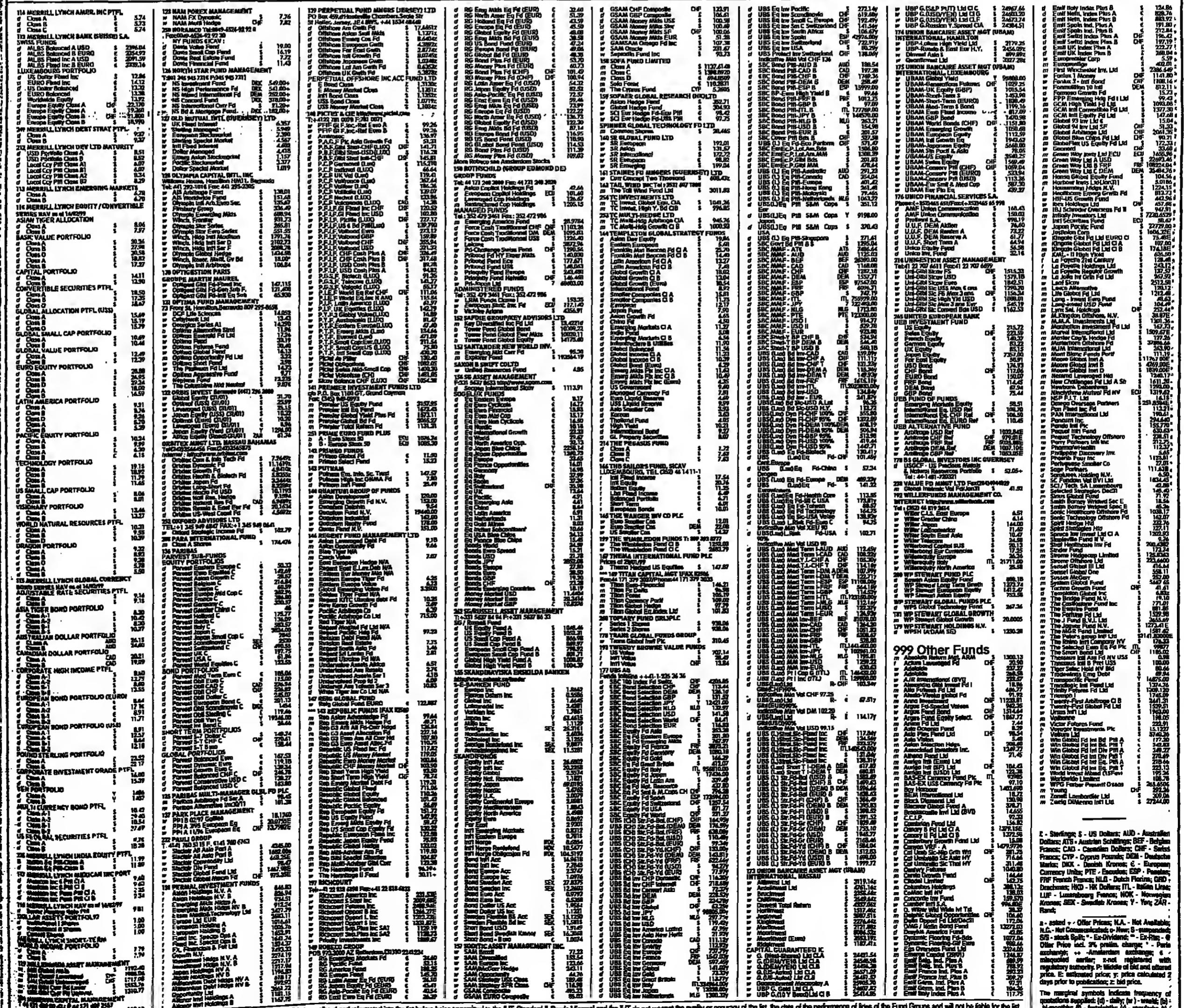
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WORLD ROUNDUP

Bidding Unethical But Not Criminal

**OLYMPICS** A former federal prosecutor working on the Salt Lake Organizing Committee's investigation into the Olympics bribery scandal said she found no indication of criminal conduct.

While Salt Lake Olympic Committee, the U.S. Olympic Committee and the International Olympic Committee have been conducting separate investigations of ethical misconduct, the U.S. Justice Department and Utah Attorney General's Office have been looking for criminal violations.

Beth Wilkinson said she found evidence of ethical lapses, but no breaches of criminal law on the part of the bid committee.

"Some of their activities could be seen as unethical, but that's a long way from being criminal," she said. (AP)

Ali's Daughter to Fight

**BOXING** The youngest daughter of Muhammad Ali, the former heavyweight champion, is to fight professionally, the German newspaper Bild reported Wednesday.

Laila Ali, 21, who will fight in Las Vegas on March 19, said she was not deterred by her father's health problems. "He didn't take many punches when he was young," said Laila, the youngest of Ali's seven children by three marriages. "It was never proven that his Parkinson's disease from which he suffers was caused by boxing."

"The world expects something from me," she said. "I want to achieve what my father did, I want to win titles, to shake up the world."

(AP)

Yanks Hire Mets Castoff

**BASEBALL** Tim McCarver, the former St. Louis Cardinals catcher, was introduced Tuesday as TV analyst for the Yankees, who hired him two weeks after the New York Mets let him go. Some in Mets organization had been upset by McCarver's on-air criticism. (AP)

Swiss Qualifier Advances

**TELEVISION** Roger Federer, a Swiss qualifier ranked No. 178 in the world, upset Bohdan Ulihrach, 6-4, 7-5, Wednesday to reach the quarterfinals of the Rotterdam indoor tournament. Greg Rusedski, the No. 3 seed, reached the second round by beating Nicolas Kiefer, 7-6 (7-5), 4-6, 6-3. Jerome Gilmard, who won the Dubai Open on Sunday, crushed Felix Mantilla, 6-0, 6-4. (AP)



Jerome Gilmard celebrating his victory over Felix Mantilla.

'City of Sails' Prepares For the America's Cup

Auckland Expecting Huge Spectator Fleet

By Christopher Clarey  
International Herald Tribune

**AUCKLAND**, New Zealand — "The City of Sails" is what Aucklanders call their community, and it is much more than a marketing slogan cooked up by an identity-hungry chamber of commerce.

Stand on the deck of the Royal New Zealand Yacht Squadron, the club that will play host to the next America's Cup regatta, and you can see nearly 2,000 boats moored in Westhaven Harbor. There are several hundred more across the way in Bay's Water, where a local boy named Peter Blake learned to sail in a dinghy long before he became a knight and a national role model.

There are several hundred more in Westpark; several hundred more in Half Moon Bay; several hundred more in Gulf Harbor and thousands more scattered among the myriad inlets and backyards of New Zealand's largest city.

"The water is easy to get to here, and though boating is not cheap, it is not considered to be elitist," said John Cutler, a New Zealander who is sailing director for the challenger syndicate America True.

In all, there are an estimated 20,000 vessels in Auckland, one for every 11 inhabitants. A year from now, when Team New Zealand defends the Auld Mug it will so convincingly in 1995 in San Diego, many of those vessels will be in the Hauraki Gulf as a spectator fleet.

"They got 650 boats in San Diego, and we're looking at peaking at 5,000 to 6,000," said Tony Thomas, the America's Cup event director. "Can you imagine the atmosphere with a kind of diamond surrounded by boats, and inside that diamond are two America's Cup yachts having a battle. It will be like a stadium, a very full stadium."

Auckland is a long way from Cowes, the British seaport where the America's Cup was first contested in summer 1851. It is a long way from the northeastern seaboard of the United States, where the America's Cup was contested for well over a century. But for an event badly in need of rejuvenation after its litigious and uninspiring eight-year run in San Diego, Auckland is a fine place to start the healing process.

It will be the rough equivalent to staging an Alpine ski race in Austria or a football game in Dallas. And at least for the moment in Auckland, souvenirs for the country's most prominent sports team, the rugby union's All Blacks, have been pushed out of the display windows by paraphernalia hawking and hailing the merits of Team New Zealand.

"In San Diego, there were a few people who knew about the America's Cup and were excited about it, but the majority didn't care," Cutler said. "But down here, this is a substantial event. You go out to a restaurant or take a taxi and people just get right into the Cup."

Apparently, the public knows enough to ask for more than an autograph.

"You hear questions you don't hear anywhere else," said Kevin Hall, a Californian and prospective crew member of America One. "It's like, 'I don't even know the answer to that one,' or even, 'I can't answer that one.' Somebody asked what our feel looked like."

It could prove difficult to keep a keel under wraps in Auckland. The syndicates will be working in particularly close quarters when the challenger series begins Oct. 18. Unlike in San Diego, all the yachts and their crews and support staff are expected to be based in the same location: the Viaduct Basin that has been transformed at the considerable cost of \$45 million from a relatively shallow

fishing basin into a world-class harbor.

When New Zealand won the Cup, Blake, the veteran sailor in charge of the successful campaign, knew he wanted this for Auckland, and one of the reasons he decided to wait five years instead of the customary three or four to defend was that he wanted Auckland to have ample time to prepare. Blake also wanted to capitalize on the year 2000 hoopla and the synergy generated by Sydney being host of the Summer Olympics in the same year.

Though Auckland had a rich sailing culture, it lacked the sort of deepwater slips that America's Cup yachts require.

Now, that problem has been rectified, although the downside for the challengers is that rental fees for space in the America's Cup harbor exceed \$200,000, and that does not include construction costs, which Cutler estimates will bring the total cost well above \$500,000.

Syd Fischer, who heads the Australian challenge, has refused to lease space in the harbor because of the price, but most of his rivals have preferred to pay up and sail on.

"I think it's very reasonably priced space for what it is," Blake said. "If you want to go and develop your own site, there is nothing to stop you."

"But the costs are prohibitive. We're talking real money there: millions and millions of New Zealand dollars. Here the advantages are that the sponsors, the media and the public can see what's going on."

**FOR** THE moment, 15 syndicates are challenging for the Cup, although Blake expects no more than 12 challengers to be on the starting line in October. Prada, the well-funded and well-organized Italian syndicate, has already built its boat shed and headquarters. So has America One, whose skipper, Paul Cayard, won the prestigious Whitbread race last year in his first attempt but remains most passionate about this event.

Team New Zealand's headquarters, an imposing structure made of corrugated steel and painted black, has been operational since late last year, and in order to get past the front door, visitors must put a thumb on a high-tech scanner and bop the print matches.

Even if Team New Zealand downgrades, security will, as always in this event, remain a high priority. In early February, Chris Main, an Aucklander working for the Japanese syndicate Nippon Challenge, accused a Team New Zealand support boat of ramming his inflatable craft as he observed the Kiwi train from a distance. The New Zealanders maintained that Main was violating rules that competitors must stay 200 meters (660 feet) away from each other's yachts.

Many of the challengers have been training here with practice boats during the Southern Hemisphere summer in an attempt to acclimatize themselves to the conditions they will face later this year. Blake and Team New Zealand will be extremely difficult to beat in their home waters. They will not conduct the traditional defender's trials, preferring to unify their efforts and their sponsorship and to refine their boats until a challenger emerges from what should be a particularly grueling process if 12 or more syndicates are involved.

It is a calculated risk on Blake's part, and the man who helped spark a national celebration in 1995 is well aware that sporting popularity can prove as ephemeral as a yacht's wake.

"Our team doesn't want to have to go live in Rio de Janeiro forever, and neither do I," Blake said, a thin smile forming under his thick mustache.

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LETTING FLY — Shoail Akhtar, a Pakistan fast bowler, delivering a ball against India on Wednesday in Calcutta on the second day of the inaugural match of the Asian test series. Akhtar took four wickets for 71 runs as India was all out for 223 in its first innings, a lead of 38 runs. Sadagopan Ramesh, an opening batsman, was top scorer for India with 79. Pakistan then reached 26 for one wicket in its second innings.

Motorcycling's Master Takes a Break

By Brad Spurgeon  
International Herald Tribune

**P**ARIS — As most of motorcycle racing's leading teams began their last official winter testing in Jerez, Spain, on Wednesday, one competitor was missing. While the contenders are spending five days tuning their machines and honing their skills, the man they are chasing won't be there.

Mick Doohan, a 33-year-old Australian, has won the sport's most prestigious title — the 500cc class — every year since 1994. He took part in tests last month at Phillip Island, Australia, and broke his own lap record by a full second. He then decided to take a holiday before the season starts in April.

"I'm ready for the new season," Doohan said in an interview. "I'm motivated and enjoy what I'm doing and I will carry on pushing while I feel like this."

This is not how Doohan felt at the end of the 1993 season when he added a broken shoulder and a broken wrist to his collection of injuries, the worst of which resulted in having to have his right ankle fused. But none of that has stopped him from going on to win as many world titles as only Juan Manuel Fangio did in Formula One, or three more Grand Prix victories than Alain Prost's record of 51.

But because Doohan did it all on two wheels rather than four, he does not have the same international acclaim of those car drivers. Not that the race of 500cc motorcycles is ignored. Doohan was Australia's sportsman of the year from 1996 through 1998. His sport is popular in many European and Asian countries, and last year it was granted provisional recognition by the International Olympic Committee.

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and-neck sprints fought out on many of the same circuits as Formula One, but lasting about half as long. The 16-round championship takes place on five continents. Doohan blames the sport's lack of popularity in the United States on its "Hell's Angels" stigma.

"Today," he said, "everyone from XYZ in the street to your chief executive of a major corporation rides motorcycles for leisure. We're not Hell's Angels. We're not sitting around taking drugs and we haven't got guns hidden inside our leathers."

In 1992, Doohan broke his leg during trials for the Dutch Grand Prix at Assen. The operation should have been routine, but the leg became infected. The doctor recommended amputation. Doohan insisted on a second medical opinion and the leg was saved, but the ankle is permanently locked into one position.

Doohan said that had he won the title the season before the crash — when he was runner-up — he probably would have quit racing after the accident. The crash happened in June after he had won five of the first seven races of the season.

"Mentally I knew I was strong," he said. "If I could get myself back to being fit, I knew that I could bear the best of them. I had some unfinished business."

The locked foot is the one used to work the rear brake, so Doohan's mechanical technicians created a brake lever on the handlebar that he controls with his thumb. He rode the last two races of 1992, but lost the title by four points to Wayne Rainey, an American who was later paralyzed in a racing accident.

In 1993, Doohan broke a wrist, then a shoulder, but used the recuperation time for another operation on his leg. In addition to winning every world title in the 500cc competition since 1994, he has obtained a record number of pole positions. In 1997, with 12 victories, he beat Agostini's 25-year-old record for victories in a single season.

Like all racers, Doohan rationalizes the danger. "We run around a purpose-built street circuit with a lot of runoff, so it's quite safe. If you look at the IndyCar ovals, or the street circuits they run in Monaco, we're running 300 to 320 kilometers per hour, almost 200 miles per hour, and the IndyCars are running at an average speed of 250 miles per hour on some circuits, and they hit a wall. So we're not too bad."

It was the safety worries of his parents that started him racing at age nine, after he was inspired to ride motorcycles by an older brother. His father was the manager of an earth-moving company in New Guinea, and the boys would ride their motorbikes around the construction sites and miles. His parents enrolled them in a dirt-bike racing club to keep them on a track, under supervision, and with nearby medical facilities.

Doohan is racing for the Repsol Honda team again, the manufacturer with which he won all his titles, but he will not commit himself beyond one season.

"In any top-line sport these days," he said, "you get to where you've got on natural ability — then the work begins. If you want to succeed, you've got to take it to the next level."

Flyers Snap Losing Streak in Phoenix, 4-1

The Associated Press

**PHOENIX** — John LeClair scored Philadelphia's first two goals as the Flyers broke out of a four-game winless streak with a 4-1 victory in Phoenix.

LeClair increased his league-leading goals to total 37 as Philadelphia won Tuesday night. LeClair also assisted on the Flyers' other two goals.

Dmitri Tertshny, a Russian defenseman, got his first NHL goal, and Eric Desjardins also scored for the Flyers. Keith Jones had three assists.

Nikolai Khabibulin, the Phoenix goalie, made 37 saves, but he was overwhelmed by the Philadelphia's offense, especially in the second period when the Flyers put 20 shots on net and scored on two of them.

England Appoints Keegan as Coach

Compiled by Our Staff From Dispatches

**LONDON** — Kevin Keegan was named Wednesday as England soccer coach for the next four games.

Keegan, 48, said he wanted to coach only through June so he could stay in charge of Fulham, a second-division club.

David Davies, the interim chief executive of the English FA, said the association would begin a search for a full-time coach to take over when Keegan steps down.

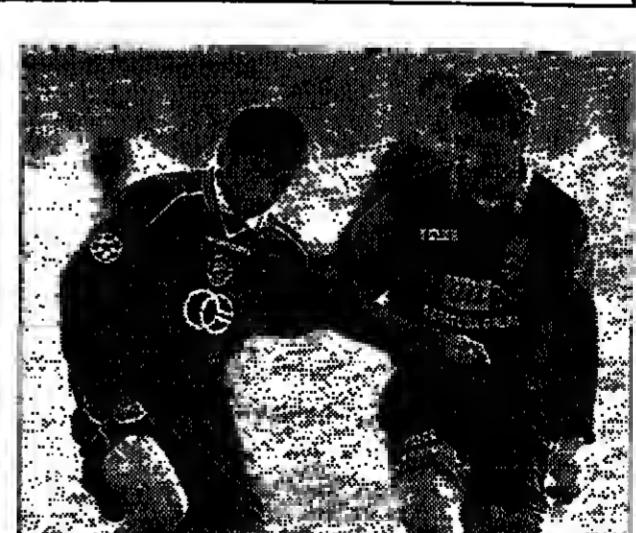
Keegan has 18 months left on his contract at Fulham.

Keegan replaces Howard Wilkinson, who took over after Glenn Hoddle was fired Feb. 2 for controversial comments about the disabled. Wilkinson coached England to a 2-0 loss last week against France, the world champion.

Keegan played 63 times for the England. He led Liverpool to its first European

Champions Cup triumph in 1977 and later led Hamburg to the Bundesliga title and was twice named European player of the year.

Keegan's only coaching experience before Fulham was at Newcastle, where he led the team to promotion to the Premier League. But the



The Japanese star Kazu Miura, left, of Croatia Zagreb, showing off his skills Wednesday against Mladost 127.

■ Cantona Bests Best

Manchester United fans voted Eric Cantona, who led the club to the Premier League and FA Cup double in 1994 and 1995, the greatest player in the club's 107-year history. Reuters reported.

George Best, a star of United's 1967 European Cup

winning team, was second. Ryan Giggs, a member of the current team, was third. Robbie Charlton, who played in the 1967 team and in England's World Cup winning team the year before, was fourth. Bryan Robson was fifth. Duncan Edwards, who died in the 1958 Munich air crash, was sixth.

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## ART BUCHWALD

## No News Is Good News

NEW YORK — I don't know if you noticed it, but there is no foreign news in the United States anymore. Someone has decided Americans aren't interested in what is happening overseas.

The editors are guessing we would much rather know about events in Washington and Hollywood.

Ordinarily, this could be a problem because Americans should be well-informed as to what is going on all over the globe. Instead, that time on the news is devoted to a new pill for seasickness. While on the one hand this is a downer, there is a big plus in not knowing what is going on. If you are not aware of a crisis, it is not a crisis.

Take the country of Dimblebee. Its government has been overthrown three times this year. The North has attacked the South, the East has attacked the West. There are refugees everywhere, food is in short supply, and there are reports of typhoons coming in from the Atlantic.



Buchwald

None of this has reached any of the evening news shows because of the Monica Lewinsky-Bill Clinton scandal.

But a few in Washington

Doug Bibby of the CIA says to his team, "Should we release the details of what is going on in Dimblebee?"

His aide says, "The State Department insists we keep it secret. If what is going on there gets out, we'll have to do something about it. If nobody knows, then we don't have to act."

"Are you telling me that our foreign policy is to sweep everything under the rug so that we're not obligated to prevent something from happening that has already happened?"

□

"That's the policy. The way to avoid another Vietnam is not to know Vietnam is a major threat. Fortunately, the American people no longer care what is going on in the world unless it affects the price of coffee or Hondas."

"It makes sense. Then man's the word. We'll feed the networks more stuff from the Salt Lake City Olympics scandal."

## Pause at Radio City Music Hall

The Associated Press

NEW YORK — Radio City Music Hall, home of the high-kicking Rockettes and a tourist draw for two million visitors a year, has closed for a seven-month, \$60 million renovation. The landmark art-deco theater is scheduled to reopen in October, in time for the Rockettes' annual Christmas show, a spokeswoman said.

The spokeswoman declined to offer details of the renovation, but said they would include efforts to comply with federal laws meant to protect people with disabilities.

The owners and operators of the theater have been sued by the U.S. attorney's office in New York City, which says the hall is not accessible to the handicapped. To settle the civil action, the owners agreed to install wheelchair and companion-seating spots, and add sound-enhancing devices, among other improvements.



DANCES WITH DRAGONS — A parade winding through the streets of Macau on Wednesday in celebration of the Chinese New Year.

## Skullduggery in New Orleans 'Cities of the Dead'

By Patricia Leigh Brown  
New York Times Service

NEW ORLEANS — On an atmospheric, moody day, with rain dripping off the moss-draped vines and a concerto by Respighi wafting through the living room, Peter Patout, an antique dealer, was cosseted in the splendor of his Bourbon Street home. There amid Paris porcelain and ancestral oils in gilt frames, he gave his version of the insidious crime that has made him one of the most talked-about men in the city: conspiring to steal cemetery ornaments from hallowed tombs.

"The thieves are in jail," said Patout, a descendant of sugar planters, who is out on bail. "I've been arrested four times. Would you like some Patout sugar in your coffee?"

"The smell of a rat amid the scent of sweet olive. It was in Patout's secluded courtyard, lush with banana trees of deep Louisiana lineage, that detectives seized two funerary statuary, including a \$30,000 marble Madonna. The New Orleans police say they were part of a cache of more than 200 — and counting — romantically patinated urns, angels and Blessed Mothers plundered by thieves last year from the marble tombs and granite sarcophagi that populate New Orleans' legendary "cities of the dead."

The investigation, which started with four arrests in May, has implicated respected antique dealers who the police say were operating a ring that stole cemetery artifacts to sell to passionate collectors who pay thousands of dollars for moss-covered garden ornaments and benches with evocative names. The police have recovered statuary valued at more than \$1 million, and they say that is only one-tenth of the booty. The Federal Bureau of Investigation has entered the case, which has moved on to Los Angeles and might include New York.

Even in this Gothic-appeal city, where gossip unfolds like drapery and Anne Rice is a tourist

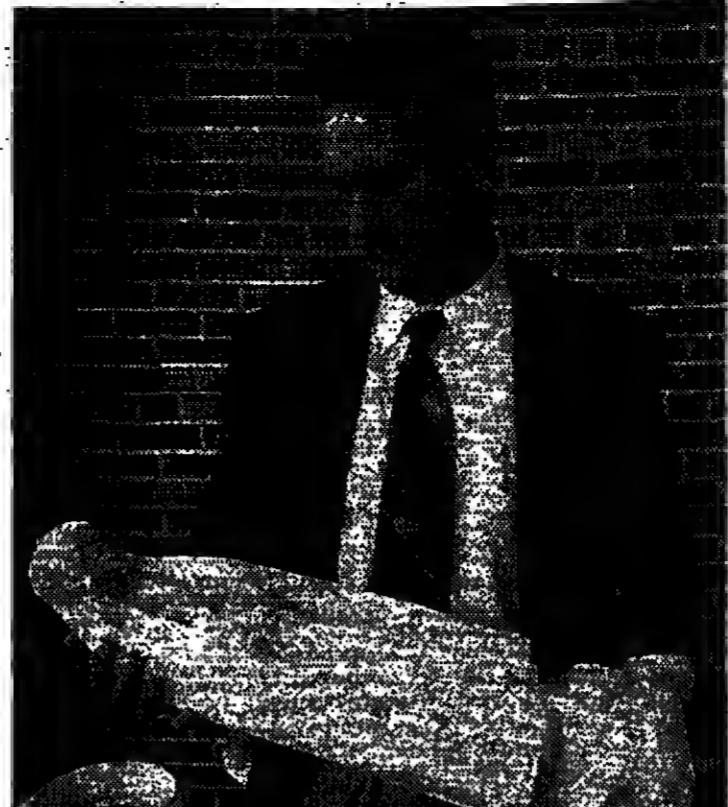
industry, the dark specter of grave-robbers cruising the city's cemeteries with hammers and chisels has sent a shudder through town. New Orleans, that liveliest of cities, holds its 31 historic graveyards dear. It is a place where a literary journal is named *Exquisite Corpse*, where tombs have their own audio tours and a bus stop is named Cemeteries.

The thefts tap into two New Orleans obsessions: antiquities and ancestor-worship. "The dead are not forgotten in New Orleans," said Randolph Delehanty, director of the University of New Orleans Ogden Museum of Art, and a co-author of "New Orleans: Elegance and Decadence." "Other places in America have made death an anti-septic phenomenon. But among New Orleans families tombs have primitive power."

Among the prominent victims were the restaurateur Ted Breman, who lost Mother Cabrini statue commissioned by his mother for his father's tomb, and Lucille Prima, a relative of the jazz legend Louis Prima. But the sense of outrage is widely felt. Cherished French and Italian marble sculptures were pried off tombs that resemble elegant funeral mansions, expressions of the unique New Orleans way of death. For more than 200 years the dearly departed have been interred above ground to keep them from floating away with the water-logged soil, successive generations pushing old bones to the back of the tomb to make way for new ones.

Along Royal Street and Magazine Street, the fabled antique thoroughfares where many stolen ornaments were seized in police raids, Mardi Gras beads cannot disguise a parasocial mood. Dealers say that kneeling crying angels are in, caving Bacchus are in.

"Last year it would have been, 'Isn't this pretty?'" said Stephen Moses, president of Neal Auction Co., referring to the large urns, in exquisite decay, that occasionally cross his threshold. "Now it's, 'I wonder if it's been stolen.'" □



Detective Lawrence Green with one of the stolen ornaments.

Photo Courtesy of the Associated Press

The theft ring began to unravel a year ago when a groundskeeper at Royal Lawn Metairie Cemetery spotted a van moving slowly from tomb to tomb. He took down the license plate number. The van sped away, leaving a tall marble angel awry on its pedestal. The van's owner was eventually arrested and gave up three accomplices.

Around the same time, Tom Bate,

a New Orleans-born contractor living in Los Angeles, noticed what appeared to be gates, urns and iron crosses from New Orleans cemeteries popping up in exotic price tags in chic West Hollywood shops.

It outraged Bate, who grew up taking walks with his grandfather in Lafayette cemetery. "It kind of

killed me," he said. "This was our history being sold at a profit."

His New Orleans friend, Patty Lee St. Martin alerted the police and together they started the National Cemetery Conservation Foundation, the city's third preservation group dedicated to the funeral cause. They lobby dealers and their high-end clientele to prevent "cemetery chic."

Detective Frederick Morton said the four original "baseline thieves" started snatching urns for heroin money but eventually graduated to more lucrative loot. They led Morton and his partner, Detective Lawrence Green, to four antique dealers, including Patout, who were subsequently arrested on charges

that included obstruction of justice and possession of stolen property. Formal charges, if any, are on hold for all suspects pending the outcome of the investigation, said a spokeswoman for the Orleans Parish district attorney's office.

"I think antiquity led to infatuation," said Green, who usually analyzes blood splatters but whose office is now strewn with copies of Garden Design magazine and The Newtown Bee, an antiques weekly. "These sculptures were forbidden treasure." Morton said the dealers gave the thieves history tutorials: The more detailed the artistry, the more the stakes were worth.

Roy Boucavant, an anesthesiologist, was arrested after the police seized more than \$43,000 in stolen cemetery artifacts at Boucavant House, his 150-year-old Greek Revival landmark home. His lawyer, Kendall Green, said the delay in filing formal charges "is unusual, and I suspect it's because they can't find any evidence to support the conspiracy theory."

The police also arrested Aaron Janarica, co-owner of Top Drawer Antiques and Auctions on Magazine Street, who said he had no idea the artifacts in his shop were stolen. The thieves told him they "were from their grandmother's estate."

Lieutenant Jeff Winn, who is leading the investigation, said such an estate "didn't exist to our knowledge, but if it did, the place would look like a Roman coliseum."

Marc Charbonier, a New York decorator and native New Orleanian, has seen cemetery art at the 26th Street Flea Market in New York. Its presence in Los Angeles does not surprise him, either.

"You have one city steeped in the miasma of its own culture, and another city with none," he said. "You pull up a pot and a cross and place it in an L.A. loft with some overstuffed Edwardian furniture, and someone decides to call it neo-Gothic. But in New Orleans, the Gothic is real."

By Steven L. Carter

DETROIT — Some people are talking about Kosovo as a new frontier of opportunity, but its potential is far from clear. The conflict has been a major headache for investors, but it is also a chance for some to profit.

In many ways, the conflict is a sideshow to the larger fight for the soul of the Balkans. It is not clear that the nations of the Balkans will put aside their differences to work together to build a better future for the region.

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Prince Andrew has been named the patron of a group that is building a memorial chapel to the British servicemen killed in the 1982 Falklands War. The Falkland Islands Memorial Chapel will be built on the grounds of Pangbourne College west of London. It will include brass plaques bearing the names of the 257 British servicemen who died in the war with Argentina. The prince was a helicopter pilot during the conflict.

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No one here trusts the Serbs, with their brutal expansionism and their massacres. No one can trust them after they turned our citizens' protest into a massacre of women and children and the eyes of the dead.

The ethnic Albanians' sworn enemy, President Slobodan Milosevic of what was Yugoslavia, is currently

holding a deal providing Kosovo self-government for four years under the protection of 4,000 NATO troops. But his obsession will probably be worn down.

More lasting are serious concerns about how any deal will be carried out on the ground.

With the KLA — a force with growing powers at its home turf — accepting dissidents, dissolving a ban on the wearing of military uniforms and the conduct of military exercises.

The KLA's blossoming insurgency spans Belgrade's rule in this southern province of Serbia. It has alienated old supporters and prompted vicious Serb countermeasures.

But the increasing military and political power of the rebel army has also forced the West to move now to forestall what Washington fears could disrupt a fragile peace in the Balkans.

There are already signs that American diplomats, military and civilian, have already spent four years in the Balkans, and their men

There is no going back, and it is impossible now for Albanians and Serbs

to live together in peace.

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## PEOPLE

BEFORE she dried out late last year, the model Kate Moss had not walked down a catwalk sober for 10 years, a British magazine reports. The *Face* said Moss, 25, had confided in an interview that for much of her career she consumed large quantities of cannabis and champagne. Moss, who spent time in a rehabilitation clinic in London in November, said she would often start drinking in the early hours and smoke pot with other models, the magazine said. "That's what you do," she was quoted as saying. "You just kind of have champagne. You always have champagne before shows. Always. Even at 10 in the morning." She said she "kind of lost the plot there a little bit," but added, "I'm changing, but I've always liked that lifestyle."

The opera singer Cecilia Bartoli broke her right ankle when she slipped on a patch of ice outside the Zurich Opera, but she still intends to sing her first *Donna Elvira* in Mozart's "Don Giovanni" on Sunday. The 31-year-old

mezzo-soprano injured herself after a rehearsal last week, her New York publicist said. Bartoli missed two performances of Rossini's "The Barber of Seville" as a result of the injury.

The Stone Temple Pilots singer Scott Weiland has been ordered back into drug rehabilitation. Weiland pleaded guilty in New York on Tuesday

to misdemeanor drug possession in connection with an arrest last June, when police found him in a city housing project carrying \$100 worth of heroin. He could have faced up to a year in jail. But a criminal court judge sentenced him to a conditional discharge and ordered him to complete a rehabilitation program that he was sentenced to in California after a 1995 narcotics arrest. The judge will dismiss Weiland's case after a year if he complies with the court's order and is not arrested again.

## Eric Clapton Plans Auction of His Guitars

Reuters

LONDON — Eric Clapton will auction off 100 of his 150 guitars to raise money for a center that he created to help people recover from alcohol and drug abuse. The British blues guitarist said he hopes to raise about \$75,000 for the Crossroads Center, which he founded in 1997 in Antigua in the Caribbean.

"The auction finally gives me a chance to share with others the instruments that have given me so much pleasure throughout my career," the 53-year-old Clapton said.

The guitars will go on sale at Christie's in New York on June 24. They include the 1956 Fender Stratocaster he calls "Brownie," on which he played the song "Layla" in the 1970s, and a Gibson ES-335, which he says he used for concerts and recordings in the '90s.



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